



Department of Justice

JANUARY 2014
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NSD
(202) 514-2007

SUMMARY OF MAJOR U.S. EXPORT ENFORCEMENT, ECONOMIC ESPIONAGE, TRADE SECRET AND EMBARGO-RELATED CRIMINAL CASES **(January 2008 to the present: updated January 14, 2014)**

Below is a snapshot of some of the major export enforcement, economic espionage, theft of trade secrets, and embargo-related criminal prosecutions handled by the Justice Department since January 2008. These cases resulted from investigations by the Homeland Security Investigations (HSI) [formerly Immigration and Customs Enforcement, (ICE)], the Federal Bureau of Investigation (FBI), the Department of Commerce's Bureau of Industry and Security (BIS), the Pentagon's Defense Criminal Investigative Service (DCIS), and other law enforcement agencies. This list of cases is not exhaustive and only represents select cases.

- ***Aerospace-Grade Carbon Fiber to China*** – On December 10, 2013, Ming Suan Zhang, a citizen of the People's Republic of China, was sentenced in the Eastern District of New York to 57 months incarceration. Previously, on August 19, 2013, Zhang pleaded guilty to violating the International Emergency Economic Powers Act by attempting to export massive quantities of aerospace-grade carbon fiber from the United States to China. On September 26, 2012, a criminal complaint was unsealed in the Eastern District of New York charging Ming Suan Zhang with attempting to illegally export thousands of pounds of aerospace-grade carbon fiber from the United States to China. According to the complaint, Zhang was arrested in the United States after trying to negotiate a deal to acquire the specialized carbon fiber, a high-tech material used frequently in the military, defense and aerospace industries, and which is therefore closely regulated by the U.S. Department of Commerce to combat nuclear proliferation and terrorism. The complaint alleges that Zhang came to the attention of federal authorities after two Taiwanese accomplices attempted to locate large quantities of the specialized carbon fiber via remote internet contacts. In July 2012, Zhang allegedly told an accomplice: "When I place the order, I place one to two tons. However, the first shipment will be for 100 kg [kilograms]." Shortly thereafter, Zhang contacted an undercover law enforcement agent in an effort to finalize the deal to export the carbon fiber from New York to China. In one recorded conversation, Zhang stated that he had an urgent need for the carbon fiber in connection with the scheduled test flight of a Chinese fighter plane. Zhang then arranged a meeting with an undercover agent to take possession of a carbon fiber sample, which was to be shipped to China and analyzed to verify its authenticity. Zhang was subsequently placed under arrest. This investigation was conducted by ICE and BIS.
- ***Circuit Boards Supplied to the U.S. Navy by Taiwan Company*** – On October 28, 2013, in the Western District of Washington, a Woodinville, WA based company and its owner were sentenced for violating the Arms Export Control Act and for wire fraud. The company, Precision Image Corporation, is operated by owner, Chih-Kwang Hwa, out of his Woodinville home. Hwa obtained contracts to supply circuit boards to the U.S. Navy, by falsely claiming the boards would be manufactured in the United States. Instead, Hwa illegally sent restricted information to a

company in Taiwan for the boards to be manufactured there. The company was fined \$300,000 for violating the Arms Export Control Act. Hwa was sentenced for wire fraud to 4 months in prison, and 6 months of home detention as part of his 2 years of supervised release. According to the charging information and the plea agreements in the case, between 2009 and 2011, Hwa obtained contracts worth \$180,034 to supply circuit boards to the U.S. Navy. The Navy supplied technical data to Precision Image that contained the technical specifications for the circuit boards. This technical data was designated on the United States Munitions List, International Traffic in Arms Regulations. As a result, this technical data could not legally be transmitted outside the United States without a license from the U.S. State Department. Hwa knew about this restriction at the time he received the technical data from the Navy. Hwa did not get the appropriate licenses, and sent the restricted data to the Taiwan manufacturer. One of the transmissions occurred in September 2011, and the Taiwanese manufactured circuit boards were later provided to the Navy. In addition, many of the contracts awarded to Hwa were set aside for companies that promised to manufacture the boards in the United States. Hwa falsely represented to the Navy in connection with these contracts that the boards were being manufactured in the United States, when instead they were being manufactured in Taiwan. This investigation was conducted by ICE HSI and the Naval Criminal Investigative Service.

- ***Defense Materials to India*** – On October 28, 2013, in the District of New Jersey, Hannah Robert, the owner of two New Jersey defense contracting businesses, was arraigned for allegedly transmitting military blueprints to India without a license, in violation of export laws. She was indicted by a federal grand jury on October 10, 2013, on one count of violating the Arms Export Control Act and one count of conspiracy to violate the act. According to the documents filed in this case and statements made in court, Robert was the founder, owner, and President of One Source USA LLC, a company located at her then-residence in Mount Laurel, N.J., and contracted with the U.S. Department of Defense (DoD) to supply defense hardware items and spare parts pursuant to government contracts. In September 2012, Robert opened a second defense-contracting company, Caldwell Components Inc., based at the same address in Mount Laurel. Along with “R.P.,” a resident of India, Robert owned and operated a company in India, One Source (One Source India), that manufactured at its own facility defense hardware items and spare parts. From June 2010 to December 2012, Robert and R.P. conspired to export to India defense technical drawings without obtaining the necessary licenses from the U.S. Department of State. The exported technical drawings include parts used in the torpedo systems for nuclear submarines, in military attack helicopters, and in F-15 fighter aircraft. Robert allegedly lied on her bids for DoD contracts, stating that she would be supplying American-made products and that her N.J.-based company was a manufacturer, rather than a dealer, of defense spare parts. One Source USA also subcontracted to other American defense contractors, including those in Sussex County, N.J., and Boca Raton, Fla. Robert provided export-controlled items made in India to these defense contractors in the United States in such a way as to appear to the DoD that the items were manufactured in this country. In addition to United States’ sales, Robert and R.P. sold defense hardware items to foreign customers. Robert transmitted export-controlled technical data to R.P. in India so that Robert and R.P. could submit bids to foreign actors, including those in the United Arab Emirates (UAE), to supply them or their foreign customers with defense hardware items and spare parts. Neither Robert nor R.P. obtained approval from the U.S. Department of State for this conduct. On August 23, 2012, R.P. e-mailed Robert from India requesting the technical drawing for a particular military item. R.P.’s e-mail forwarded Robert an e-mail from an individual purporting to be “an official contractor of the UAE Ministry of Defence,” and who listed a business address in Abu Dhabi, UAE. The UAE e-mail requested quotations for a bid for the “blanket assembly” for the CH-47F Chinook military helicopter and listed the “End User” for the hardware item as the UAE Armed Forces. Later that same day, Robert replied to R.P.’s e-mail, attaching, among other things, the electronic file for an export-controlled technical drawing

titled "Installation and Assy Acoustic Blankets, STA 120 CH-47F," to be used in the Chinook attack helicopter. Starting in October 2010, Robert transmitted the military drawings for these parts to India by posting the technical data to the password-protected website of a Camden County, N.J., church where she was a volunteer web administrator. This was done without the knowledge of the church staff. Robert e-mailed R.P. the username and password to the church website so that R.P. could download the files from India. Through the course of the scheme, Robert uploaded thousands of technical drawings to the church website for R.P. to download in India. On June 25, 2012, R.P. e-mailed Robert from India, stating in part: "Please send me the church web site username and password." The e-mail was in reference to both an invoice to, and a quote for, an individual known to Robert as a broker of defense hardware items for an end-user in Pakistan. This individual (the "Pakistan trans-shipper") employed a UAE address for shipping purposes. Later that day, Robert replied to this e-mail, providing a new username and password for the church website so that R.P. could download the particular defense drawings. There were quality issues with the parts that Robert provided to the DoD. After the DoD in October 2012 disclosed the failure of certain parts used in the wings of the F-15 fighter aircraft, supplied by one of One Source USA's American customers, Robert and R.P. provided the principal of that company with false and misleading material certifications and inspection reports for the parts. These documents, to be transmitted to the DoD, listed only One Source USA's New Jersey address and not the address of the actual manufacturer in India, One Source India. As a result of the failed wing pins, the DoD grounded approximately 47 F-15 fighter aircraft for inspection and repair, at a cost estimated to exceed \$150,000. Robert was, until November 2012, an employee of a separate defense contractor in Burlington County, N.J., where she worked as a System Analyst and had access to thousands of drawings marked with export-control warnings and to information on this defense contractor's bids on DoD contracts. During her employment, Robert misrepresented to her employer the nature and extent of her involvement with One Source USA. This investigation was conducted by DoD, DCIS, DHS HSI, Counter Proliferation Investigations.

- ***Surface-to-Air Missiles to Iran*** – On October 25, 2013, the Southern District of New York announced the unsealing of charges against Reza Olangian, a dual citizen of the United States and Iran, in connection with his efforts to acquire surface-to-air missiles ("SAMs") for the government of Iran. The 4-count indictment charged Olangian with conspiring to acquire and transfer surface-to-air missile systems, attempting to acquire and transfer surface-to-air missile systems, conspiring to violate the International Emergency Economic Powers Act ("IEEPA") and attempting to violate IEEPA. Olangian was arrested in Estonia on October 10, 2012, pursuant to a U.S. request for his provisional arrest. He was extradited to the United States on March 26, 2013. According to the allegations in the Indictment, in 2007, Olangian worked with Iranian officials to obtain approximately 100 SAMs for use by the Iranian government. Ultimately, that missile deal was unsuccessful. Beginning in early 2012, Olangian worked to negotiate a separate missile deal, this time with a confidential source (CS) working with the DEA, who purported to be a weapons and aircraft broker. From his base of operations in Tehran from approximately May 2012 through October 2012, Olangian arranged for the purchase of "IGLA-S" SAMs and various aircraft components. During a covertly recorded meeting in May 2012, and in subsequent recorded conversations and e-mails with the CS, he described in detail his plans for procuring the SAMs and aircraft parts and then smuggling them over land into Iran, from Afghanistan or another neighboring country. Olangian's 2012 negotiations included his participation in a videoconference with the CS, during which Olangian remotely inspected a bona fide SAM, which the CS presented as a sample of the larger quantity of SAMs that Olangian sought to purchase. After inspecting the SAM and inquiring about its specifications, Olangian stated that he would want "at least 200...minimum 200" of such SAMs. In his communications with the CS, Olangian also indicated that he was arranging for a missile expert to inspect and test the SAMs. In October 2012, Olangian traveled to Estonia, where he was arrested. Following his arrest, Olangian stated,

among other things, that he had been working with Iranian government officials; that the SAMs he had arranged to purchase were being obtained for the Iranian government; and that the aircraft parts he attempted to acquire were to be used in Iranian military aircraft. This investigation was conducted by the DEA, DOJ's Office of International Affairs, and NSD.

- ***Military Weapons Parts and Accessories Overseas*** – On October 10, 2013, Christopher M. Gray was sentenced in the District of Columbia to 36 months imprisonment. Gray was also ordered to pay \$6,990 in restitution and a \$100,000 fine. On June 17, 2013, Gray pleaded guilty to one count of unlawfully exporting and attempting to export ACOG Riflescopes from the United States to Thailand, in violation of the Arms Export Control Act. The operator of an online business in Buffalo called "Hidden Treasures," Gray made his initial appearance on April 15, 2013 pursuant to a federal indictment charging him with 12 counts of illegally exporting defense articles abroad. Gray allegedly exported a variety of combat optical gun sights, tactical sights, scopes and other military items to the following locations -- Hong Kong, Thailand, Ukraine, Turkey, South Korea, Spain, France, New Zealand and Canada -- without the required State Department licenses.
- ***Components for IEDs to Iran and Iraq*** – On September 20, 2013, in the District of Columbia, defendants Lim Kow Seng and Hia Soo Gan Benson were sentenced to 37 months and 34 months imprisonment, respectively. Previously, on June 26, 2013, Lim and Hia pleaded guilty for their roles in a conspiracy to defraud the United States. Lim and Hia made their initial court appearances in the District of Columbia on December 21, 2012, after being extradited from Singapore. Prosecutors in the District of Columbia unsealed a September 15, 2010 indictment which charged four individuals in Singapore, another individual in Iran, and four companies with various violations, including conspiracy to defraud the United States, smuggling, illegal export of goods to Iran, illegal export of defense articles, false statements and obstruction of justice. Among other things, the indictment alleged that the defendants participated in conspiracies to defraud the United States, including a conspiracy that allegedly caused 6,000 radio frequency modules to be illegally exported from the United States to Iran via Singapore, at least 16 of which were later found in Improvised Explosive Devices (IEDs) in Iraq. The defendants were Iranian national Hossein Larijani, and his companies Paya Electronics Complex, based in Iran, and Opto Electronics Pte, Ltd., based in Singapore. Also charged was Wong Yuh Lan, an agent of Opto Electronics who was allegedly supervised by Larijani from Iran. The indictment also charges NEL Electronics Pte. Ltd., a company in Singapore, along with NEL's owner and director, Lim Yong Nam. Finally, the indictment charges Corezing International Pte. Ltd., a company in Singapore that maintained offices in China, as well as Lim Kow Seng, an agent of Corezing, and Hia Soo Gan Benson, a manager, director and agent of Corezing. On October 24, 2011, authorities in Singapore arrested Wong, Nam, Lim and Hia pursuant to a U.S. extradition request. Larijani remains a fugitive in Iran. The indictment alleges that, between June 2007 and February 2008, the defendants fraudulently purchased and caused 6,000 modules to be illegally exported from a Minnesota company through Singapore, and later to Iran, in five shipments, knowing that the export of U.S.-origin goods to Iran was a violation of U.S. law. The defendants allegedly told the Minnesota firm and the U.S. government that a telecommunications project in Singapore was the final destination of the goods. The alleged recipient of all 6,000 modules in Iran was Larijani. The indictment alleges that, in May 2008, December 2008, April 2009, and July 2010, Coalition forces found no less than 16 of these 6,000 modules in Iraq where they were being used as part of the remote detonation devices of unexploded IEDs. The indictment further charges Lim, Hia, and Corezing with a separate fraud conspiracy involving the illegal export of two types of military antenna from the United States. The indictment alleges that these defendants conspired to defraud the United States by causing a total of 55 cavity-backed spiral antennas and biconical antennas to be illegally exported from a Massachusetts company to Singapore and Hong Kong.

without the required State Department license. Larijani was also charged with false statements in connection with his alleged business dealings with Majid Kakavand, an accused Iranian procurement agent who has been indicted in the United States for illegally exporting goods to Iran, including to military entities in Iran involved in that nation's nuclear and ballistic missile programs. In coordination with the criminal actions by the Justice Department, the Commerce Department announced on October 25, 2011 the addition of 15 persons located in China, Hong Kong, Iran and Singapore to the Commerce Department's Entity List in connection with this procurement network. Among others, Action Global, Amaze International and OEM Hub Co., Ltd., all Hong Kong entities, were added to the Commerce entity list based on information indicating that they served as front companies and were related to the other entities named in this procurement network, including Corezing International. Furthermore, Luo Jie, director of Corezing International, Action Global and Amaze International, was added to the entity list on the basis of information indicating that she was specifically involved in the procurement and attempted procurement of U.S. power amplifiers intended for end-users in China, as well as in the diversion of various U.S.-origin goods through Hong Kong to Iran. Similarly, Zhou Zhenyong, director of Corezing International, was added to the Commerce list based on information that he was involved in the procurement of U.S.-origin items, including U.S.-origin munitions items destined for end-users in China and/or Iran. On February 10, 2012, a Singapore court ruled that the four individuals held in Singapore could be extradited to the United States to face prosecution for their alleged roles. In August 2012, another court in Singapore found that only Lim and Hia could be extradited to the United States to stand trial on charges related to the illegal export of military antennas. This investigation was conducted by ICE, FBI and Department of Commerce's BIS.

- Information Technology Services and Support to Iran*** - On September 17, 2013 in the Middle District of Florida, John Alexander Talley and his company, Tallyho Peripherals, Inc. d/b/a Enterprise Solutions Systems, pleaded guilty to conspiracy to violate the International Emergency Economic Powers Act and the Iranian Transaction Regulations. Talley faces a maximum penalty of 5 years in federal prison. According to the plea agreement, from approximately 2009 to September 2012, Talley and his company conspired with others to unlawfully export sophisticated enterprise level computer equipment from the United States to Iran, and to provide computer IT support services for the equipment, all in violation of the United States embargo. Talley's role was to provide training and computer IT support to ensure that the computer equipment operated in Iran. In an effort to conceal their activities, the conspirators in the United States caused shipments of the computers and related equipment, as well as the payments for same, to travel to and from the United States and Iran through the United Arab Emirates. Similarly, payments for Talley's support services were transmitted through the United Arab Emirates. On September 12, 2013, two Iranian nationals, Mahmood Akbari a/k/a John Wassermann and Reza Hajigholamali, and three United Arab Emirate "front" companies, Patco Group Ltd., Managed Systems and Services (FZC), and TGO General Trading LLC a/k/a Three Green Orbit, were indicted in connection with the same conspiracy to violate the Iranian Embargo. Those parties are charged with conspiracy to violate the International Emergency Economic Powers Act and the Iranian Transaction Regulations, and a conspiracy to commit international money laundering. If convicted, Akbari and Hajigholamali each face a maximum penalty of up to 40 years in federal prison. On July 11, 2012, co-conspirator Mohammad Reza "Ray" Hajian and three of his companies, RH International LLC, Nexiant LLC, and P & P Computers LLC, pleaded guilty to conspiracy to violate the International Emergency Economic Powers Act and the Iranian Transaction Regulations. On October 18, 2012, Hajian was sentenced to 4 years in federal prison and ordered to forfeit \$10 million. This investigation was conducted by ICE and DOC.

- Manhattan Office Building Secretly Owned and Controlled by Government of Iran*** – On September 17, 2013, in the Southern District of New York, a decision was issued granting summary judgment in favor of the United States’ claims for forfeiture of the 36-story Midtown Manhattan office building located at 650 Fifth Avenue, New York, New York (“the Building”), as the result of violations of the Iranian Transactions Regulations promulgated under the International Emergency Economic Powers Act (“IEEPA”), and the federal money laundering statutes. The Court found that the partners of the Building’s owner, the Alavi Foundation and Assa Corp., committed the IEEPA violations and money laundering offenses. According to the amended civil forfeiture Complaint and the oral and written opinions issued by Judge Forrest in this case: The Alavi Foundation has been providing numerous services to the Iranian Government, including managing the Building for the Iranian Government, running a charitable organization for the Iranian Government, and transferring funds from 650 Fifth Avenue Company to Bank Melli Iran (“Bank Melli”), a bank wholly owned and controlled by the Government of Iran. Likewise, Assa Corporation and Assa Company Limited (“Assa Co. Ltd.”) have been providing numerous services to Bank Melli in contravention of IEEPA and the Iranian Transactions Regulations promulgated thereunder, including transferring rental income generated from 650 Fifth Avenue Company to Bank Melli, following Bank Melli’s instructions with regard to Assa Corporation’s affairs, reporting back to Bank Melli on Assa Corporation’s financial situation and business dealings, and managing the affairs of Assa Corporation for the benefit of Bank Melli. The Alavi Foundation owns 60 percent of 650 Fifth Avenue Company, and Bank Melli owns 40 percent of 650 Fifth Avenue Company, through Assa Corp. and Assa Co. Ltd. On December 17, 2008, a civil Complaint was filed seeking forfeiture of the 40 percent interest held by Assa Corporation in 650 Fifth Avenue Company. In the Amended Complaint, the United States seeks to forfeit all right, title and interest in 650 Fifth Avenue Company, including the Alavi Foundation’s 60 percent interest in the company. The United States also seeks to forfeit the contents of bank accounts held by 650 Fifth Avenue Company, the Alavi Foundation, and Assa Corporation, as well as other real properties owned by the Alavi Foundation. Claims against the building in this consolidated action by private parties holding judgments against the Government of Iran remain pending. The investigation was conducted by the FBI, IRS, CID, and the Joint Terrorism Task Force.
- Spacecraft Navigation and Control Technology to Iran*** – On September 16, 2013, Aurel Fratila, a Romanian citizen and aeronautical engineer, was sentenced in the Southern District of California to 18 months in prison after pleading guilty on June 25, 2013. Fratila was extradited to the United States on February 8, 2013 from Romania to stand trial on charges of conspiracy to violate the Arms Export Control Act and to smuggle goods from the United States; conspiracy to launder money; money laundering and aiding and abetting stemming from an alleged plot to supply Iran with U.S.-origin military accelerometers and other defense articles. On October 17, 2006, Fratila and co-defendant Jamshid Ghassemi, an Iranian national, were charged in an indictment in connection with their alleged efforts to illegally obtain 12 Honeywell military accelerometers, as well as Honeywell gyroscopes, from an individual in the U.S., and arrange for them to be smuggled to Romania so they could then be transshipped to Iran. The accelerometers are used for spacecraft navigation and control systems and classified as defense articles requiring a State Department license for export. According to the charges, Ghassemi and Fratila caused \$70,000 to be wire transferred from a bank in Romania to San Diego for the devices, which were to be sent to Bucharest. On November 13, 2006, Ghassemi was arrested by Thai police in Bangkok pursuant to a U.S. provisional arrest warrant after he agreed to meet with a U.S. confidential source there. During the subsequent extradition proceeding in Thailand, Ghassemi’s attorney filed a motion with the Thai court citing letters from Iran’s Ambassador to Thailand confirming that Ghassemi was a “high-ranking officer of the Iranian Air Force” who was merely

carrying out orders by the Iranian Air Force to obtain accelerometers and that the money for the accelerometers came from the Iranian government. On July 2, 2007, a lower court in Thailand ruled against the U.S. extradition request, finding that Ghassemi's actions were military in nature. The ruling was appealed by Thai prosecutors on July 27, 2007, who argued that a person's military status does not entitle that person to commit crimes. The Thai appeals court denied the appeal and Ghassemi was released from Thai custody in late September 2008. Ghassemi remains a fugitive. The investigation was conducted by ICE and DCIS.

- ***Electronics Used in Military Radar & Electronic Warfare to China*** – On September 10, 2013, Zhen Zhou Wu, a Chinese national, was re-sentenced to 84 months in prison for conspiring over a 10-year-period to illegally export military and sophisticated electronics to the People's Republic of China (PRC). Wu was also convicted of illegally exporting sensitive electronic components to the PRC on 12 occasions between 2004 and 2007. Several Chinese military entities were among those to whom the defendant exported the equipment, which is used in military phased array radar, electronic warfare, and missile systems. He was also ordered to pay a \$15,000 fine. After serving his sentence Wu will be subject to deportation to the PRC. On March 19, 2013, the U.S. Court of Appeals for the First Circuit affirmed Wu's conviction on 15 of the 17 counts of export violations for which a jury convicted him after a six-week trial in 2010. The First Circuit vacated two counts of conviction that charged Wu with illegally exporting parts designated on the United States Munitions List because it held that the jury instructions given were constitutionally inadequate. However, the First Circuit observed that "from 1996 until 2008, Wu and his co-defendant, Yufeng Wei, shipped tens of millions of dollars worth of sophisticated electronic components from the United States to China, with little regard for whether the parts that they sold were export-controlled." Further, the First Circuit found that Wu's company "specifically pursued military customers; and Wu promoted himself as both an exporter of military supplies and an export compliance expert." Lastly, the First Circuit determined that "Wu and Wei repeatedly attempted to disguise the fact that they were exporting to China and that they lacked the necessary licenses to do so." Because two counts of the conviction were vacated, the case was remanded for a re-sentencing hearing. Wei's re-sentencing hearing has not yet been scheduled. Wei and Wu were originally sentenced in 2011. Wei was sentenced on January 27, 2011 in the District of Massachusetts to 36 months in prison, while on January 26, 2011, her co-defendant, Zhen Zhou Wu, was sentenced to 97 months in prison. Their company, Chitron Electronics, Inc. was fined \$15.5 million. Wei, Wu and Chitron Electronics, Inc. were convicted at trial on May 17, 2010. As proven at trial, defendants illegally exported military electronic components to China through Hong Kong. The defendants also illegally exported Commerce Department-controlled electronics components to China with military applications such as electronic warfare, military radar, and satellite communications systems. Wu founded and controlled Chitron, with headquarters in Shenzhen, China and a U.S. office located in Waltham, Mass., where defendant Wei served as Manager. Wu and Chitron sold electronics from the U.S. to Chinese military factories and military research institutes, including numerous institutes of the China Electronics Technology Group Corporation, which is responsible for the procurement, development and manufacture of electronics for the Chinese military. Since as early as 2002, Wu referred to Chinese military entities as Chitron's major customer and employed an engineer at Chitron's Shenzhen office to work with Chinese military customers. By 2007, 25% of Chitron's sales were to Chinese military entities. Shenzhen Chitron Electronics Company Limited, Wu's Chinese company through which U.S. electronics were delivered to the Chinese military and other end-users, was also indicted. On February 9, 2011, Chitron-Shenzhen received a fine of \$1.9 million for refusing to appear for trial. On July 22, 2010, co-defendant Bo Li, aka Eric Lee, pleaded guilty and was sentenced to time served for making false statements on shipping documents. The case was investigated by BIS, ICE, FBI, and DCIS.

- Prohibited Investments in Iran*** – On September 4, 2013, former Tennessee Valley Authority (TVA) vice president, Masoud Bajestani, of Chattanooga, Tenn., pleaded guilty in the Eastern District of Tennessee to violating the International Emergency Economic Powers Act and filing false tax returns. On February 4, 2013, agents arrested Bajestani as he arrived at the Atlanta airport on a flight from Dubai. Bajestani was charged by superseding indictment in the Eastern District of Tennessee with violating the International Emergency Economic Powers Act, making false statements to the TVA, international money laundering, filing false tax returns and failure to file reports of foreign bank accounts. According to the superseding indictment, Bajestani filed a false document with TVA in order to withdraw \$1,500,000 from his deferred compensation account when he was employed as a vice president at the Watts Bar Unit II nuclear power plant during its construction phase. Bajestani then conspired with others and sent \$600,000 of those funds to Iran for financial investment purposes, without authorization from the U.S. Office of Foreign Assets Control. The case was investigated by ICE, IRS, the TVA Office of Inspector General, and the FBI.
- Firearms to Mexico*** – On September 3, 2013, Demetrio Cortez-Salgado was sentenced in the Eastern District of California to 24 months imprisonment. Previously, on June 7, 2013, Cortez-Salgado pleaded guilty to his role in trafficking weapons from the United States to Mexico without first obtaining a license. On November 3, 2011, a grand jury in the Eastern District of California returned an indictment charging seven individuals with federal firearms offenses relating to the trafficking of weapons from the United States to Mexico. The indictment charges Ernesto Salgado-Guzman; Demetrio Sebastian Cortez-Ordaz; Zeferina Salgado de Cortez; Demetrio Cortez-Salgado, Modesto Santiago-Sanchez, Victorino Epifanio Bazante Pacheco, and Florencio Morales-Solano, who were arrested on November 9, 2011. On December 10, 2012, Morales-Solano pleaded guilty to making false statements during the purchase of a firearm and was sentenced on February 4, 2013 to 18 months imprisonment. In a related action Gregorio Salgado-Lopez was arrested in California on a Mexican provisional arrest warrant, for potential extradition to Mexico to face Mexican gun smuggling charges. According to the charges, between 2006 and June 2009, the defendants allegedly purchased more than 400 .22 caliber rifles at a store in Madera, Calif., to be sold in Mexico. Demetrio Cortez-Ordaz was also charged with exporting firearms to Mexico in violation of the Arms Export Control Act. This investigation was conducted by ATF, ICE and Mexican law enforcement agencies.
- Computer Components to Iran*** – On August 27, 2013, Business Machinery World Wide, an Iranian corporation based in Tehran, Iran, and two of its subsidiaries pleaded guilty to conspiring to violate the International Emergency Economic Powers Act. On March 7, 2013, a superseding indictment filed in the Eastern District of Virginia against an Iranian corporation, its subsidiaries and several of its officers and business partners alleged that they illegally exported more than \$30 million in computer goods from U.S. companies to Iran. Those charged include Business Machinery World Wide, an Iranian corporation based in Tehran, Iran; three of its subsidiary companies located in Dubai, United Arab Emirates; and nine officers and individuals. They were accused of conspiring to defraud the United States and conspiring to violate the International Emergency Economic Powers Act. The original indictment and criminal complaint were made public on December 19, 2012, after two alleged conspirators – Alireza Beshcari and Mikaeil Ghahramani – were arrested in Los Angeles, Calif. According to the charges, beginning in 2008, BMWW began soliciting and receiving computer goods from the United States knowing that this conduct was prohibited under U.S. law. To avoid detection and to facilitate the shipment of goods from the United States to Iran, BMWW directed the U.S. goods to be shipped to its subsidiary companies in the United Arab Emirates. These subsidiaries were created solely to illicitly transship the U.S. goods to Iran and evade the export embargo. Those charged include the following: BMWW, aka Jahan Gostar Co., the parent company operating in Iran; BMWW

DWC LLC, which later changed its name to Servex DWC, LLC, a subsidiary of BMWW based in Dubai that allegedly received \$2.8 million in U.S.-origin goods for transshipment to Iran; Ariana General Trading, a subsidiary of BMWW based in Dubai that allegedly received more than \$28 million in U.S.-origin goods for transshipment to Iran; Alireza Faraj Tabrizy, aka Ali Faraji, a citizen of Iran and the managing director of BMWW, Ariana and Servex; Siyavash Aliakbar Yazdanfar, a citizen of Iran and the international affairs manager for BMWW; Ayoub Ali Ahmadi, the former lead manager at Ariana and current lead manager for Servex allegedly responsible for coordinating transshipment of U.S.-origin goods from Dubai to Iran; Michelle Liboon Diaz, the former front-line manager at Ariana and current front-line manager at Servex allegedly responsible for coordinating transshipment of U.S.-origin goods from Dubai to Iran; Esmaeil Ghahremani, an Iranian citizen with ties to the United States who allegedly relies on BMWW to unlawfully export U.S.-origin goods to Iran through Dubai; Ehsan Mahmoud Ghorbanali Barati, an Iranian citizen who allegedly relies on BMWW to unlawfully export U.S.-origin goods to Iran through Dubai; Amir Mazlomian, a naturalized U.S. citizen of Iranian descent living in Newport Coast, Calif., and an officer with D&A Trading Corp., which has allegedly shipped nearly \$300,000 in computer-related goods to Iran through BMWW and Ariana; Alirez Beshcari, a citizen of the Netherlands and a legal permanent resident in the U.S. living in Laguna Niguel, Calif., who owns ATA Trade Co., which has allegedly shipped nearly \$800,000 in electronic goods to Iran through BMWW and Ariana; and Mikaeil Ghahramani, of Santa Ana, Calif., who owns Notebook Spectrum, which has allegedly shipped nearly \$2 million in electronic equipment to Iran through BMWW and Ariana. On August 27, 2013, Business Machinery World Wide, Servex DWC, LLC and Ariana General Trading pleaded guilty to conspiring to violate the International Emergency Economic Powers Act and were each sentenced to 5 years of probation and a \$50,000 fine. On the same day, the superseding indictment was dismissed against Alireza Beshcari, Mikaeil Ghahramani, Alireza Faraj Tabrizy, Siyavash Aliakbar Yazdanfar, Ayoub Ali Ahmadi, Michelle Liboon Diaz, Esmaeil Ghahremani, and Ehsan Mahmoud Ghorbanali Barati. This investigation was conducted by ICE and Commerce's BIS.

- ***Industrial Parts to Iran*** – On December 18, 2013, Mehdi Khorramshahgol was sentenced in the Eastern District of Virginia to 36 months in prison. Khorramshahgol was convicted on August 22, 2013, after a bench trial for violating U.S. economic sanctions on Iran by sending explosion-graded industrial parts to a petrochemical company in Iran. Previously, on April 25, 2013, Khorramshahgol was indicted by a federal grand jury on four counts of violating and conspiring to violate the United States economic sanction on Iran, one count of conspiring to defraud the United States, and one count of aiding and abetting a material false statement. According to court records and evidence at trial, the defendant conspired with others in Iran to purchase industrial goods from United States businesses for the Iranian petrochemical industry. The defendant falsely represented that the end users for his purchases were in Dubai. After the defendant purchased the goods and shipped them to Dubai, other co-conspirators repackaged the goods for onward shipment to Tehran. The conspiracy used a series of false invoices, false end users, and front companies to hide its illicit activity. This case was investigated by HSI and the Department of Commerce's Office of Export Enforcement.
- ***Thermal Imaging Scopes and Cameras to Belarus*** – On August 21, 2013, Ernest Chornoletsky was sentenced in the Eastern District of Pennsylvania to 15 months in prison for conspiring to export military-grade night vision devices to Belarus in violation of the Arms Export Control Act and the International Emergency Economic Powers Act (IEEPA). On August 10, 2011, an indictment was returned charging Chornoletsky, as well as Vitali Tsishuk, Yavor Osin, Aliaksandr Belski, Aliaksandr Stashynski, and Volha Dubouskaya with conspiracy to export defense articles without a license and conspiracy to violate IEEPA. Osin, Belski and Tsishuk were further charged with conspiracy to launder monetary instruments. According to the

indictment, from January 2008, to early August 2011, the defendants conspired to illegally export to Belarus numerous defense articles, including ThOR 2 Thermal Imaging Scopes, AN/PAS-23 Mini Thermal Monoculars, and Thermal-Eye Renegade-320s without State Department licenses. During this period, they also allegedly conspired to illegal export Commerce-controlled items to Belarus, including L-3 x 200xp Handheld Thermal Imaging Cameras without a Commerce Department license. Belski was sentenced on July 19, 2013 to 57 months in prison after pleading guilty on December 6, 2012. Dubouskaya was sentenced to 6 months in prison on February 6, 2013 after pleading guilty on November 7, 2012. Stashynski was sentenced to 6 months in prison on November 28, 2012 after pleading guilty on February 28, 2013. Tsishuk was sentenced to 24 months in prison on February 14, 2013 after pleading guilty on October 28, 2011. Osin pleaded guilty on February 29, 2012.

- ***Military Aircraft Engines to Venezuela*** – On August 19, 2013, in the District of Arizona, Guiseppe Luciano Menegazzo-Carrasquel, a Venezuelan air force colonel, was sentenced to 19 months in federal prison for exporting military aircraft engines to Venezuela. In addition to the prison term, Menegazzo-Carrasquel will be subject to 3 years of supervision. Previously, on June 3, 2013, Menegazzo-Carrasquel pleaded guilty for his role in a conspiracy to violate the Arms Export Control Act. According to court documents, Menegazzo-Carrasquel was part of a Venezuelan air force team that negotiated with Mesa-based Marsh Aviation between November 2005 and February 2008 to refurbish 18 T-76 aircraft engines for use by the Venezuelan air force, under the guise that the engines were meant for civilian use. T-76 engines are a designated item on the U.S. Munitions List, which, under the Arms Export Control Act, makes it illegal for these engines to be exported without a license or written authorization from the Department of State. The T-76 aircraft engine was designed for the OV-10 Bronco Aircraft, a light armed reconnaissance aircraft specifically suited for counter-insurgency missions. Menegazzo-Carrasquel, who is a dual Venezuelan and Italian citizen, and codefendants Oscar Rafael Colmenarez-Vellalobos and Roy Wayne Roby were indicted on arms export charges in October 2010. Menegazzo-Carrasquel was arrested in September 2012 after he arrived in Houston on a flight from Caracas, using his Italian passport. Roby was arrested in Florida on September 4, 2013. Indicted in a separate case, Floyd D. Stilwell, former president of Marsh Aviation, was also charged in the scheme. Stilwell pleaded guilty on October 29, 2012 to conspiracy to violate the Arms Export Control Act and was sentenced on May 13 to a \$250,000 fine and 5 years of probation. The case was investigated by ICE, DCIS and the FBI.
- ***Satellite Technology to Iran*** – On August 16, 2013, Seyed Amin Ghorashi Sarvestani, an Iranian national, was sentenced in the Southern District of New York to 30 months in prison, a fine of \$100,000 and the forfeiture of \$54,000 for conspiring to export goods, including satellite technology and hardware, from the United States to Iran, in violation the International Emergency Economic Powers Act. Ghorashi was arrested on October 3, 2012, and pleaded guilty on May 8, 2013. According to the Complaint, Ghorashi was an owner of, and served as a managing director and director of, two related companies based in the United Arab Emirates. In that capacity, he worked with others to export electronic equipment used for satellite communications and data transfer, as well as other goods, from the U.S. to Iran, without the requisite approval from OFAC. Ghorashi and others conspired to acquire satellite technology and hardware from a supplier based in the U.S., for shipment to Iran. To conceal the true destination of the goods from the U.S. supplier, Ghorashi and his co-conspirators arranged for the items to be shipped first to the United Arab Emirates and subsequently shipped to Iran. This case was investigated by the FBI, ICE, DCIS, BIS, OEE, and CBP.
- ***Inertial Navigation Units to the UAE & Turkey*** – On August 14, 2013, Junaid Peerani, a resident of Broward County, Fla., and the owner of AEROTEK 2000, INC., was sentenced to 46

months in prison and a \$10,000 fine for knowingly and willfully attempting to export and cause to be exported from the United States to Turkey two Inertial Navigation Unit LTN-72's, without first having obtained the required authorization from the United States Department of Commerce. Peerani was indicted in the Southern District of Florida on December 11, 2012 and pleaded guilty on April 2, 2013 for violations of the International Emergency Economic Powers Act. According to the Indictment, in March 2011, Peerani attempted to export to the United Arab Emirates an inertial navigation unit that is controlled for export by the Commerce Department for missile technology and anti-terrorism reasons. The item, which is a laser gyro replacement for the mechanical inertial navigation system used on many military transport and commercial aircraft, was seized by U.S. border authorities before departing the United States. Peerani also allegedly attempted to export two additional inertial navigation units to Turkey in September 2012 without obtaining the requisite Commerce Department export license. This investigation was conducted by ICE.

- ***Carbon Fiber and Other Materials to Iran and China*** – On July 30, 2013, Peter Gromacki, a U.S. citizen and resident of Orange County, NY, pleaded guilty in the Southern District of New York to violating the International Emergency Economic Powers Act (IEEPA) by using his NY company to illegally export carbon fiber from the United States to China. According to the indictment, in June 2007, Gromacki arranged for the illegal export of more than 6,000 pounds of carbon fiber from the U.S. to Belgium, which was then shipped to China. He allegedly made a variety of false statements on shipper's export declaration forms. On July 10, 2013, Amir Abbas Tamimi, an Iranian citizen, pleaded guilty to violating IEEPA by working to export helicopter component parts from the U.S. to Iran, via South Korea. The components were for a particular type of helicopter that can be used for military purposes. On July 1, 2013, Hamid Reza Hashemi, an Iranian national, pleaded guilty to conspiracy to violate and violating IEEPA by working to arrange the illegal export of carbon fiber from the U.S. to Hashemi's company in Iran via Europe and the United Arab Emirates. Previously, on December 5, 2012, prosecutors in the Southern District of New York unsealed charges against Gromacki, Tamimi, and Hashemi and Murat Taskiran, a Turkish citizen, for exporting various goods to Iran and to China, including carbon fiber (which has nuclear applications in uranium enrichment as well applications in missiles) and helicopter components. Hashemi and Taskiran were charged in one indictment. Taskiran remains a fugitive. None of the defendants obtained the requisite approval from the Department of Treasury for such exports. This investigation was conducted by the FBI, ICE, and Department of Commerce.
- ***Military Night Vision Equipment to New Zealand*** – On July 11, 2013, in the District of Maryland, Anthony Torresi was sentenced to 18 months in prison followed by 3 years of supervised release for unlawfully exporting military grade night vision equipment. According to his plea agreement on February 28, 2013, Torresi listed night vision goggles and night vision monoculars for sale on eBay. The items were designed to enable military ground troop personnel to conduct night operations. A license from the U.S. Department of State is required to export the items. Selling such items overseas without a license is a violation of the Arms Export Control Act. On January 21, 2011, Torresi sold two of the night vision goggles for \$7,039.99 to an undercover agent he believed to be located in New Zealand, but who was in fact located in Baltimore. Torresi exported the goggles on February 11, 2011 from Miami, Florida to New Zealand. The shipping label signed by Torresi falsely showed the contents as a "gift" described as a "Rangefinder" valued at \$70. Torresi never applied for a license to export these items. Similarly, on March 29, 2011, Torresi sold a 6015-4 night vision monocular to the undercover agent he believed to be located in New Zealand for \$6,099.89. On April 29, 2011, Torresi also exported from Miami to New Zealand what he falsely represented to the customers as a 6015-4 night vision monocular. He sold the monocular for \$6,099.98. The monocular shipped by

Torresi was lower grade and purchased by Torresi for \$266. This investigation was conducted by ICE.

- ***Hazardous Materials to Saudi Arabia*** – On July 3, 2013, in the Northern District of California, Hasan Ibrahim was convicted by a federal jury of attempting to place destructive substances on an airplane. The jury found that the defendant willfully intended to place 9 different hazardous materials on a Lufthansa passenger airplane bound for Frankfurt, Germany. The hazardous materials were ultimately destined for Jeddah, Saudi Arabia. In related charges, the jury convicted Ibrahim of failing to properly label the packages containing the hazardous materials and failing to complete the requisite shipping papers as required by the Department of Transportation. Previously, on November 2, 2011, a grand jury returned an indictment charging MEDCHEM Corporation and its owner Hasan Ibrahim with: two counts of attempted placement of destructive substance on an aircraft, one count of transportation of hazardous materials without shipping papers, nine counts of transportation of hazardous materials without labels, one count of failure to file export information, one count of attempted smuggling of goods, and one count of attempted smuggling of goods. The charges in the indictment stem from MEDCHEM, located in South San Francisco, exporting chemicals (including hazardous materials), medical equipment, and diagnostics to Constant Trading Activity (“CTA”), a business in Saudi Arabia. Ibrahim was the owner and president of MEDCHEM, until one of his sons became involved in MEDCHEM prior to June 2010. Ibrahim was MEDCHEM’s sole employee. Ibrahim was also a founder of CTA and served as CTA’s vice president. According to the indictment, Ibrahim caused a shipment consisting of five pallets containing sixty-four boxes to be delivered to a freight forwarder for export to Saudi Arabia. None of the boxes were labeled as containing hazardous material. The shipment contained over 25 separate chemicals designated as hazardous materials under the Hazardous Materials Regulations. Two of the hazardous materials – Sulfuryl Chloride (classified as a corrosive) and Chloroacetonitrile (classified as poisonous material, with a subsidiary hazard that it is a flammable and combustible liquid) – were poisonous by inhalation and prohibited under federal law from transportation on any aircraft. The investigation was conducted by the FBI, Department of Commerce, IRS and Federal Aviation Administration.
- ***Firearms to Liberia*** – On June 20, 2013, McHarding Degan Galimah was sentenced in the District of Minnesota to 30 months in prison for smuggling firearms from the United States to his home country of Liberia. Galimah was indicted on August 22, 2012, and convicted on February 14, 2013. The evidence presented at trial proved that Galimah purchased 12 firearms from a federally licensed firearms dealer, including seven Hi-Point, nine-millimeter handguns. In November 2010 and July 2011, he exported those weapons to Liberia and then made several trips to that country to take possession of the firearms for resale at a profit. At no time did he possess a license to transport the firearms, as required by federal law. Moreover, federal regulations prohibit the export of firearms to Liberia. This case was investigated by ICE and ATF.
- ***Firearms to Colombia*** – On June 13, 2013, Patrick Brewer Regan was sentenced in the Southern District of Texas to over 8 years imprisonment. His codefendant, Nicolas Ryan Alig was sentenced to 2 years of probation. Pursuant to an indictment dated April 6, 2011, Regan and Alig both pleaded guilty on January 19, 2012, to their respective roles in a conspiracy to provide false written statements in connection with obtaining firearms licenses. Regan also pleaded guilty to acting as a firearms dealer without having the proper federal license to do so, possession of firearms with obliterated serial numbers, and possession of an unregistered firearm. On March 8, 2011, Regan, and his Colombian-born wife, Ximena del Pilar Echeverry Arias were arrested on a criminal complaint charging the couple with conspiracy, smuggling goods from the United States and possession of a firearm with an obliterated serial number. In December 2010, agents saw Regan and Arias ship numerous boxes addressed to recipients in Colombia. An examination of

those boxes resulted in a determination that the name of the addressee was fictitious, the shipping address was an abandoned residence in Colombia, the shipper's name and address was fictitious and the contents falsely described. The boxes contained 16 firearms and each had its serial number obliterated. Agents intercepted two subsequent firearms shipments allegedly made by Regan to Colombian addresses. Records obtained during the investigation showed Arias, while living in Colombia, had allegedly signed for 12 of the 67 similarly suspicious packages addressed to her home and wire transferred more than \$39,000 from a bank in Colombia to Regan's account in the United States. At the time of the arrests, agents seized 50 lower and 13 upper receivers for AR-15 style semi-automatic rifles, an unregistered fully assembled short-barrel AR-15 rifle, two pieces of metal working machinery and 13 AR-15 style lower receivers. The Colombian National Police arrested three individuals in Colombia and dismantled a workshop where firearms were being assembled from the lower receivers Regan and Arias allegedly supplied and other essential components. On March 9, 2012, the indictment against Arias was dismissed. This investigation was conducted by ATF and ICE.

- ***Prohibited Exports to Iran*** – On June 12, 2013, Markos Baghdasarian was sentenced in the District of South Carolina to 36 months in prison. Previously, on December 4, 2012, Baghdasarian pleaded guilty to conspiracy to violate the International Emergency Economic Powers Act and to defraud the United States, violating the Iranian embargo and making false statements. On May 19, 2012, Baghdasarian was arrested in Atlanta prior to boarding a flight to the United Arab Emirates (UAE). Baghdasarian was charged by criminal complaint in the District of South Carolina with exporting goods from the United States to Iran without the required licenses and with making false statements. He was later indicted on June 14, 2012. According to the charges, Baghdasarian served as the manager of Delfin Group USA, a Russian-owned producer of synthetic motor oils, located in North Charleston, South Carolina. From as early as June 13, 2010, until October 12, 2011, Baghdasarian is alleged to have engaged in prohibited transactions with customers in Iran, including Pars Oil, which is an oil company owned by the Government of Iran. He alleged exported to Iran aviation engine oils and polymers valued at \$850,000 and allegedly concealed that Iranian customers were the true recipients of the shipment by falsely asserting that a business entity in the UAE was the ultimate consignee for the goods. The investigation was conducted by ICE and Department of Commerce.
- ***Satellite Hardware and Technology to Iran*** – On December 20, 2013, Nader Modanlo, a naturalized U.S. citizen born in Iran was sentenced in the District of Maryland to 8 years in prison followed by 3 years of supervised release. Modanlo was also ordered to forfeit \$10 million. Previously, on June 10, 2013, a federal jury convicted Nader Modanlo of charges arising from a conspiracy to illegally provide satellite related services to Iran, in violation of the International Emergency Economic Powers Act, money laundering and obstruction of bankruptcy proceedings. As a result of the conspiracy, an Iranian earth observation satellite equipped with a camera was launched into space from Russia on October 27, 2005. The launch was the first-ever Iranian satellite put into orbit. Previously, on June 2, 2010, a federal grand jury in the District of Maryland returned an indictment charging Modanlo and five Iranian citizens on charges of conspiring to illegally provide satellite hardware and technology to Iran, in violation of the International Emergency Economic Powers Act and money laundering. According to the indictment, from January 2000 through November 27, 2007, the defendants concocted a scheme to evade the Iran trade embargo, by using sham companies to conceal Iranian involvement in prohibited activities and transactions. The indictment notes that some \$10 million was wired from an overseas account to the account of a defendant in the United States in consideration for his assistance to Iran and the Iranians in brokering a satellite agreement with Russia and for his New York company providing telecommunications services in support of that agreement. Charged in the indictment are: Modanlo, of Potomac, Maryland; Hamid Malmirian; Reza

Heidari; Mohammad Modares; Abdol Reza Mehrdad; and Sirous Naseri, all Iranian nationals. Modanlo was arrested on June 8, 2010 in Maryland. The other defendants remain at large. The investigation was conducted by ICE and the IRS.

- ***Assault Weapon Parts and Gun Sights to Philippines*** – On June 10, 2013, Romulo Arca Reclusado pleaded guilty in the Central District of California to conspiracy to violate the Arms Export Control Act and the International Emergency Economic Powers Act. Previously, on February 7, 2011, in the District of Arizona, codefendant Mike Cabatingan also pleaded guilty to conspiracy. On February 24, 2010, a federal grand jury in the Central District of California returned an indictment against Reclusado, Cabatingan, Tirso Armando Aguayo for conspiring to illegally export defense articles and other controlled items from the United States to the Philippines. The defendants allegedly conspired to export to the Philippines molds used to make components for AR-15 assault rifles as well as holographic rifle sights. Aguayo and Cabatingan were arrested on February 25, 2010. Reclusado was previously convicted in 1997 of conspiracy to transfer machine guns and illegally transferring machine guns for which he received a 27-month prison sentence. On January 12, 2011, the court granted a motion to dismiss the case against Aguayo. The investigation was conducted by ICE and DCIS.
- ***WMD Materials to North Korea*** – On June 6, 2013, Hsien Tai Tsai, also known as “Alex Tsai,” who the U.S. government has linked to the supply of weapons machinery to North Korea, and his son, Yueh-Hsun Tsai, also known as “Gary Tsai,” were indicted in the Northern District of Illinois for allegedly conspiring to violate U.S. laws designed to thwart the proliferation of weapons of mass destruction. On May 1, 2013, both Alex Tsai and Gary Tsai were arrested pursuant to criminal complaints filed on April 19, 2013. Alex Tsai, who was believed to have resided in Taiwan, was arrested in Estonia, while his son, Gary Tsai, who is from Taiwan and is a U.S. legal permanent resident, was arrested the same day at his home in Illinois. Each were charged with conspiring to defraud the U.S. in its enforcement of laws prohibiting the proliferation of weapons of mass destruction; conspiracy to violate the International Emergency Economic Powers Act (IEEPA) by conspiring to evade the restrictions imposed on Alex Tsai and two of his companies by the U.S. Treasury Department, and money laundering. Agents had been investigating the pair, as well as Individual A (a Taiwanese associate of Alex Tsai), and a network of companies engaged in the export of U.S. origin goods and machinery that could be used to produce weapons of mass destruction. The investigation revealed that Alex and Gary Tsai and Individual A are associated with at least three companies based in Taiwan – Global Interface Company, Inc., Trans Merits Co., Ltd., and Trans Multi Mechanics Co., Ltd. – that have purchased and then exported, and attempted to purchase and then export, from the United States machinery used to fabricate metals and other materials with a high degree of precision. On January 16, 2009, the Treasury Department designated Alex Tsai, Global Interface, and Trans Merits as proliferators of weapons of mass destruction, isolating them from the U.S. financial system and prohibiting any U.S. person or company from doing business with them. In announcing the order, the Treasury Department said that Alex Tsai was designated for providing support for, or goods or services in support of the Korea Mining Development Trading Corporation (KOMID), which was designated as a proliferator by the U.S. in 2005. The Treasury Department asserted that Alex Tsai “has been supplying goods with weapons production capabilities to KOMID and its subordinates since the late 1990s, and he has been involved in shipping items to North Korea that could be used to support North Korea’s advanced weapons program.” After the OFAC designations, Alex and Gary Tsai and Individual A allegedly continued to conduct business together, but attempted to hide Alex Tsai’s and Trans Merit’s involvement in those transactions by conducting business under different company names, including Trans Multi Mechanics. For example, approximately eight months after the OFAC designations – Alex and Gary Tsai, Individual A and others allegedly began using Trans Multi

Mechanics to purchase and export machinery on behalf of Trans Merits and Alex Tsai. Specifically, the charges allege that in September 2009 they purchased a Bryant center hole grinder from a U.S. company based in suburban Chicago, and exported it to Taiwan using the company Trans Multi Mechanics. The charges further allege that by at least September 2009, Gary Tsai had formed a machine tool company named Factory Direct Machine Tools, in Glenview, Ill., which was in the business of importing and exporting machine tools, parts, and other items to and from the United States. However, the charges allege that Alex Tsai and Trans Merits were active partners in Factory Direct Machine Tools, in some instances procuring the goods for import to the United States for Factory Direct Machine Tool customers. This investigation was conducted by the FBI, ICE-HIS and BIS.

- ***Carbon Fiber to China*** – On May 30, 2013, Lisong Ma aka “Ma Li”, pleaded guilty in the Eastern District of New York to an information charging him with attempting to illegally export one or more spools of Toray T-800 carbon fiber from the United States to China without the required licenses from the Department of Commerce. According to a complaint filed on March 29, 2013, Ma reached out to undercover law enforcement officers in February 2013 seeking carbon fiber for export to China. Ma then traveled to the United States where he met with undercover agents about obtaining samples of carbon fiber. Ma paid \$400 for a spool of T-800 carbon fiber and allegedly arranged for it to be shipped via Federal Express from the United States to China, falsely labeled as “clothing” and without a license. The package was intercepted before leaving the United States. According to the Information, Type T-800 carbon fiber is extremely high-grade and is used primarily in aerospace and military applications. It is controlled for export by the Department of Commerce for nuclear non-proliferation and national security reasons. This investigation was conducted by the Department of Commerce and ICE.
- ***Embargo Violations by Alleged Arms Dealer*** – On May 24, 2013 Richard Ammar Chichakli, an associate of the convicted international arms dealer Viktor Bout, was extradited from Australia on charges in the Southern District of New York that he allegedly conspired with Bout and others to violate the International Emergency Economic Powers Act (IEEPA) by attempting to purchase two aircraft from companies located in the United States, in violation of economic sanctions that prohibited such financial transactions. In addition, Chichakli, a citizen of Syria and the United States, was charged with money laundering conspiracy, wire fraud conspiracy, and six separate counts of wire fraud in connection with the attempted aircraft purchases. Chichakli was arrested by Australian authorities on January 9, 2013, at the request of the United States. According to a January 2, 2013, second superseding indictment, Chichakli consorted with Viktor Bout in the purchase of aircraft that would be used to transport weapons to some of the world’s bloodiest conflict zones in violation of international sanctions. Bout is serving a 25-year prison term as a result of his November 2011 conviction for conspiring to sell weapons to the Fuerzas Armadas Revolucionarias de Colombia (FARC). Bout was an international weapons trafficker who assembled a fleet of cargo airplanes capable of transporting military equipment to Africa, South America, the Middle East and other regions. The arms he sold or brokered fueled conflicts in Afghanistan, Angola, the Congo, Liberia, Rwanda, Sierra Leone and Sudan. According to court records, Chichakli had been a close associate of Bout’s since at least the mid-1990s, assisting in the operations and financial management of his network of aircraft companies. Both Bout and Chichakli had been the subject of United Nations Security Council (UNSC) sanctions restricting their travel and ability to conduct business. In addition, more than 25 companies affiliated with Bout and Chichakli were listed by the UNSC as subject to similar restrictions. In 2004, the U.S. President issued an executive order prohibiting any transactions or dealings within the U.S. by individuals affiliated with former Liberian President Charles Taylor. Accordingly, the Department of Treasury prohibited Bout from conducting any business in the U.S. In 2005, that prohibition was extended to Chichakli. Chichakli and Bout allegedly took steps to form new

companies and to register these companies in the names of other individuals. One such company – Samar Airlines – was created in 2004, after the majority of U.N. and IEEPA sanctions became effective. According to the charges, Chichakli and Bout were personally involved in the operational and business affairs and decisions of Samar Airlines. In 2007, in violation of the IEEPA sanctions, Chichakli and Bout, acting through Samar Airlines, contracted to purchase two Boeing aircraft from U.S. companies. In connection with the purchase of these aircraft, Chichakli and Bout allegedly transferred more than \$1.7 million through banks in New York and into bank accounts located in the U.S. They did so through a number of front companies, the assets of which were also owned and controlled by Bout, in order to evade the UNSC's sanctions regime and IEEPA prohibitions. Upon the discovery that Chichakli was connected to Samar Airlines, the Treasury Department blocked the funds that had been transferred into the bank accounts of the U.S. aviation companies. This investigation was conducted by the DEA.

- ***Military Night Vision Equipment to Ukraine*** – On May 22, 2013, in the Eastern District of New York, Ukrainian citizen Volodomyr Ponomarenko was sentenced to 24 months in prison after pleading guilty on February 22, 2013 to conspiring to violate the Arms Export Control Act by attempting to export military-grade night vision equipment from the U.S. to Ukraine. Ponomarenko was arrested attempting to enter the U.S. on March 23, 2011. He and others purchased military-grade night vision equipment, among other things, from dealers in the U.S. and attempted to export that equipment to Ukraine without the required State Department export licenses. As part of the scheme, Ponomarenko and his co-conspirators used straw purchasers in the U.S. to purchase the equipment. In exchange for a fee, the straw purchasers shipped the items to various freight forwarders for export to Ponomarenko in Ukraine. The night vision scopes were intercepted by law enforcement at John F. Kennedy International Airport. In their review of the shipping records, investigators learned that Ponomarenko and his co-conspirators caused the freight forwarding companies to inaccurately describe the items and to falsely state that no export license was required. The case was investigated by ICE and DCIS.
- ***Industrial Supplies for Iranian Petrochemical Companies*** – On May 21, 2013, Iranian national Saeed Talebi was sentenced in the Southern District of New York to 12 months imprisonment.. Previously, on September 26, 2012, Talebi pleaded guilty to conspiring to violate the International Emergency Economic Powers Act (IEEPA) stemming from his work with others to ship to Iran parts and goods for use in industrial operations. The indictment against Talebi was first unsealed on July 12, 2012 and charged him with conspiring to violate IEEPA and conspiring to commit money laundering. Talebi worked to ship industrial goods and parts from U.S.-based firms to Dubai and that these goods were then to be sent to various petrochemical companies located in Iran. In the course of the scheme, Talebi allegedly caused funds to be wired to the United States, including more than \$300,000 that was sent to a bank account in Manhattan. The investigation was conducted by BIS, with assistance from CBP.
- ***Military Aircraft Engines to Venezuela*** – On May 14, 2013, Floyd D. Stilwell of Phoenix, AZ, was sentenced in the District of Arizona to 5 years of probation and was ordered to pay a fine of \$250,000. Previously, on October 29, 2012, Stilwell pleaded guilty to conspiracy to violate the Arms Export Control Act. Stilwell and Marsh Aviation Company of Mesa, Arizona, were indicted on October 28, 2010, for violating the Arms Export Control Act and conspiracy. The indictment alleged that beginning in November 2005 through February 2008, Stilwell Marsh Aviation and others contributed to the export of T-76 military aircraft engines from the United States to Venezuela for use by the Venezuelan Air Force. The T-76 aircraft engine was designed for the OV-10 Bronco Aircraft which is a light armed reconnaissance aircraft specifically suited for counterinsurgency missions. The indictment also alleges that the defendants furnished assistance to members of the Venezuelan Air Force, including training in the assembly, testing,

maintenance and use of the T-76 military aircraft engine without the required authorization from the State Department. The indictment against Marsh Aviation Company was dismissed on May 14, 2013. The investigation was conducted by the FBI, ICE, and the DCIS.

- ***Ammunition to Jordan*** – On May 7, 2013, Brian Keith Bishop, an employee of the U.S. Embassy in Jordan was sentenced in the Eastern District of Virginia to 2 years of probation. On February 4, 2013, Bishop was convicted in a bench trial in the Eastern District of Virginia of violating the Arms Export Control Act. In August 2011, federal agents discovered that Bishop had placed approximately 9,446 rounds of ammunition, including 9mm, 7.62 X 39mm, 45 caliber and 12 gauge shells in a cargo container of personal effects that he was shipping from the United States to Jordan through a U.S. government contract carrier. Bishop did not have a license to export defense articles from the United States and Jordanian law prohibits the possession of firearms on Jordanian territory without a permit issued by the Public Security Directorate. He was sentenced on May 3, 2013 to probation with a period of home confinement.
- ***Fighter Jet Components to Iran*** – On April 26, 2013, Iranian citizen, Saeid Mohabat made his initial appearance in federal court in the Northern District of California after being extradited from Cyprus to face U.S. charges of conspiring to violate the Arms Export Control Act, conspiring to violate the International Emergency Economic Powers Act, and two counts of smuggling. Mohabat was charged in an indictment on December 11, 2012. According to the indictment, Mohabat sent an email in February 2012 to purchase Pitot Static Tubes, which are component parts of the F-5 fighter jets and classified as defense articles, for a total price of \$52,442. He later indicated via e-mail that the parts were destined for Iran, but noted that they could be transhipped through Tajikistan or China. He later sent an e-mail detailing how to ship one of the tubes by listing it as a “sample tube” on the invoice and covering it in glue for concealment purposes. In October 2012, Mohabat allegedly traveled to Cyprus, where he was arrested by authorities in Cyprus. This investigation was conducted by ICE.
- ***Military Gyroscopes to China*** – On April 17, 2013, Kevin Zhang, aka Zhao Wei Zhang was sentenced in the Southern District of California to time served and 3 years supervised release. Previously, on February 19, 2013, Zhang pleaded guilty for his role in a conspiracy to export defense articles from the United States to China without a license. On July 30, 2012, Zhang was arrested as he attempted to enter the United States from Canada at a port of entry in Washington state. Zhang had been charged on January 14, 2011 in a sealed indictment in the Southern District of California with one count of conspiracy to export defense articles (specifically G-200 Dynamically Tuned Gyroscopes) from the United States to China without a license or approval from the State Department. According to the indictment, these particular gyroscopes may be used in tactical missile guidance and unmanned aircraft systems. Zhang allegedly instructed individuals in the United States to obtain and export defense articles, including the gyroscopes, to China and allegedly sought to use a courier to smuggle the gyroscopes out of the U.S. The indictment alleged that Zhang, acting on behalf of a client in China, sought to purchase three gyroscopes for \$21,000 from an individual in the United States as a prelude to future purchases of gyroscopes. This investigation was conducted by ICE.
- ***Carbon Fiber to Taiwan*** – On March 29, 2013, Yen Ling Chen, a citizen of Taiwan, was sentenced in the Eastern District of New York to 9 months in prison for violating the International Emergency Economic Powers Act (IEEPA) by attempting to export weapons-grade carbon fiber from the United States to Taiwan. According to court filings, Chen attempted to negotiate a long-term contract for the acquisition of 5 to 10 tons of carbon fiber while evading applicable export controls. Chen was arrested after traveling to the U.S. to meet with an undercover agent in an

effort to obtain a sample of the specialized fiber, which has applications in the defense and aerospace industries and is regulated by the Department of Commerce. According to court documents, Chen was retained in the spring of 2012 by a coconspirator in Taiwan to use her English language skills to assist in the acquisition of large quantities of carbon fiber on behalf of a Taiwan-based company, which were to be transshipped to a third party. On April 25, 2012, Chen contacted an undercover agent in Brooklyn via the Internet and indicated that she and others were interested in purchasing several tons of high-grade carbon fiber. During this conversation, Chen discussed various methods to evade U.S. licensing controls, including mis-labeling the goods. Shortly thereafter, an accomplice wired \$1,000 to a U.S. bank account, as a deposit on a sample of carbon fiber. In furtherance of the export scheme, and in an effort to secure a source of the controlled commodity, Chen traveled from Taiwan to the United States on July 5, 2012, to obtain a sample. During a secretly recorded meeting with an undercover agent the following day, the defendant and a coconspirator negotiated the deal and made arrangements for the delivery of the sample to Taiwan so that further testing could be performed to confirm its authenticity. Chen was indicted on September 4, 2012 and pleaded guilty on December 11, 2012 to attempting to violate IEEPA. The investigation was conducted by ICE and BIS.

- ***Military Technical Data and Trade Secrets to China*** – On March 25, 2013, Sixing Liu, aka “Steve Liu,” a native of China with a PhD in electrical engineering who worked as a senior staff engineer for Space & Navigation, a New Jersey-based division of L-3 Communications, was sentenced in the District of New Jersey to 70 months in prison for exporting sensitive U.S. military technology to China, stealing trade secrets and lying to federal agents. On September 26, 2012, Liu was convicted of nine of 11 counts of an April 5, 2012 second superseding indictment, specifically six counts of violating the Arms Export Control Act, one count of possessing stolen trade secrets in violation of the Economic Espionage Act, one count of transporting stolen property, and one count of lying to federal agents. The jury acquitted Liu on two counts of lying to federal agents. According to documents filed in the case and evidence presented at trial, in 2010, Liu stole thousands of electronic files from his employer, L-3 Communications, Space and Navigation Division. The stolen files detailed the performance and design of guidance systems for missiles, rockets, target locators, and unmanned aerial vehicles. Liu stole the files to position and prepare himself for future employment in China. As part of that plan, Liu delivered presentations about the technology at several Chinese universities, the Chinese Academy of Sciences, and conferences organized by Chinese government entities. However, Liu was not charged with any crimes related to those presentations. On November 12, 2010, Liu boarded a flight from Newark to China. Upon his return to the United States on November 29, 2010, agents found Liu in possession of a non-work-issued computer found to contain the stolen material. The following day, Liu lied to ICE agents about the extent of his work on U.S. defense technology. The State Department later verified that several of the stolen files on Liu’s computer contained technical data that relates to defense items listed on the United States Munitions List. The jury also heard testimony that Liu’s company trained him about the United States’ export control laws and told him that most of the company’s products were covered by those laws. Liu was first arrested on March 8, 2011, in Chicago on a complaint in the District of New Jersey charging him with one count of exporting defense-related technical data without a license. The investigation was conducted by the FBI, ICE and CBP.
- ***Industrial Products to Iran*** -- On March 7, 2013, in the District of Maryland, an indictment was unsealed charging Ali Saboonchi, a U.S. citizen residing in Parkville, Md., and Arash Rashti Mohammad, a citizen and resident of Iran, with conspiracy to export and exporting U.S. manufactured industrial products and services to Iran. The indictment was returned on March 4, 2013, and unsealed upon Saboonchi’s arrest. The indictment alleges that from November 2009 to the present, Saboonchi and Rashti conspired to evade the Iranian embargo by exporting U.S.

manufactured industrial goods and services to Iranian businesses, in violation of the International Emergency Economic Powers Act. Rashti, located in Iran, allegedly had Saboonchi, located in Maryland, create and operate Ace Electric Company for the purpose of obtaining goods to send to Iran. Rashti, who operated businesses in Iran and the United Arab Emirates (UAE), allegedly solicited business from customers in Iran for industrial parts and components manufactured in the United States. The indictment alleges that Saboonchi obtained price quotes for, paid for, and took delivery of most of the U.S. goods. It alleges that he then caused the goods to be shipped to co-conspirators in UAE, and in at least one case, China. It further alleges that Rashti would repay Saboonchi and then arrange for the entities in the UAE and China to send the goods to him and his customers in Iran. Finally, the indictment alleges that the defendants did not obtain a license or authorization to export these goods to Iran. Saboonchi had his initial appearance on March 7, 2013, in U.S. District Court in Greenbelt, Md. Rashti remains at large. The investigation was conducted by the FBI and ICE.

- ***Computers to Iran*** – On March 7, 2013, in the Northern District of Texas, Borna Faizy, of Frisco, Texas, and Touraj Ghavidel, of Plano, Texas -- the corporate owners/operators of Signal Microsystems in Addison, Texas, a company that sold computers domestically and internationally -- were arrested on an indictment alleging that they illegally shipped \$12 million worth of computer equipment to Iran through Dubai. The indictment, returned under seal in early March 2013, charges each with one count of conspiracy to illegally export to Iran, nine substantive counts charging illegal export and attempted export of goods to Iran and one count of making false statements to a federal agency. Faizy and Ghavidel allegedly acquired computers from U.S. companies to supply to end-users in Iran and concealed from the U.S. that the computers were destined for Iran. Faizy and Ghavidel allegedly actively recruited Iranian customers by marketing their computer business to business owners and individuals in Iran, and, in 2008 or 2009, attended a computer trade show, known as “GITEX,” in Dubai to recruit Iranian customers. The defendants allegedly used freight-forwarding companies in Dubai to ship the equipment to Iran and communicated with coconspirators using fictitious names and coded language to obscure the true identities and locations of the ultimate consignees and end-users. They also created invoices and export forms that falsely identified the ultimate consignees of the shipments as parties in Dubai. The investigation is being conducted by members of the North Texas Counter-proliferation Task Force, which includes the FBI, ICE, the Department of Commerce and DCIS.
- ***Aircraft and Aircraft Components to Iran*** – On March 4, 2013 in the Western District of Kentucky, Hamid Asefi, an Iranian citizen, and Behzad Karimian, a U.S. citizen with a valid Iranian passport living in Kentucky, were sentenced to 23 months in prison and 46 months in prison, respectively, for charges related to the illegal export of aircraft and aircraft parts from the U.S. to Iran. On December 3, 2012, both defendants pleaded guilty to conspiracy to violate and violating the International Emergency Economic Powers Act. Asefi was the principal officer of Aster Corp Ltd., an Iranian company with offices in Iran and the United Kingdom, while Karimian was employed as a Mesaba Airlines pilot. Beginning in August 2007 and continuing through April 2011, Asefi used the U.K. office of Aster to serve as a transshipment point to facilitate shipment of goods from the United States to Iran. Asefi sent requests on behalf of Iranian entities to Karimian for purchases of aircraft and aircraft parts in the U.S. or owned by U.S. persons. Karimian then made inquiries, placed orders and attempted to facilitate the purchase of aircraft and aircraft parts in the United States on behalf of Asefi and persons in Iran. Among other things, the defendants admitted from September 2009 through April 2010, they violated the embargo against Iran by exporting and causing the export of services related to the sale of a G.E. Aircraft Engine Model CF6-50C2, as well as attempting the procurement of helicopters manufactured by Bell Helicopter, from the United States to Iran. All of the aircraft and aircraft parts involved in this case were intended for civilian use. Asefi made his initial

appearance in federal court in Louisville, Ky., on June 1, 2012, while Karimian was arrested and made his initial appearance in federal court in Louisville on June 6, 2012. This investigation was conducted by the FBI.

- ***Ballistic Vests and Ammunition to Mexico*** – On February 27, 2013 in the Western District of Texas, Hector Ayala, former owner of Uniforms of Texas, was sentenced to 2 years in federal prison for his role in a scheme to smuggle ammunition and other prohibited items into the Republic of Mexico. Ayala was also ordered to pay a \$200,000 monetary judgment as well as forfeit to the Government 8,600 rounds of ammunition, \$103,000 in U.S. Currency as well as approximately \$1 million worth of military and law enforcement equipment seized by authorities during this investigation. In December 2012, Ayala pleaded guilty to one count of facilitating the smuggling of goods from the United States. Ayala admitted that from September 1, 2009, to December 3, 2011, he concealed and facilitated the transportation of multiple calibers and quantities of ammunition; approximately 300 high capacity ammunition magazines and drums; and, approximately 800 ballistic vests with ceramic plates knowing that the items were intended to be exported from the United States into Mexico. This investigation was conducted by ICE and ATF.
- ***Assault Weapons to Mexico*** – On February 25, 2013, Silverio Venegas Jr, was sentenced in the Southern District of Texas to 51 months in prison for making false statements on federal firearms forms related to the purchase of firearms for persons in Mexico. Venegas purchased an AK-47 rifle, an AR-15 rifle and an AR-15 pistol from a gun store in Laredo, Texas, between December 17-30, 2011. In an interview with ATF agents, he admitted he was hired by someone from Mexico who paid Venegas to buy the firearms. The three firearms were later discovered at crime scenes in Mexico. The AR-15 pistol was found less than a month after its purchase in Nuevo Laredo, Mexico, after a shootout between a Mexican Army patrol and gunmen. The two rifles Venegas purchased were found a crime scene in Saltillo, Mexico. The case was investigated by the ATF in conjunction with the Laredo Police Department and the U.S. Border Patrol.
- ***Assault Rifle Magazines to Mexico*** – On February 25, 2013, in the Southern District of Texas, Julio Cesar Flores-Martinez and Francisco Padilla-Perez, both Mexican nationals living Mexico, were sentenced to 46 months and 50 months in federal prison, respectively, for their roles in attempting to smuggle 652 assault rifle magazines into Mexico. Both were arrested after an undercover operation in which federal agents posed as assault rifle magazine dealers. The case was investigated by ICE and ATF in conjunction with the Laredo Police Department, Border Patrol, Customs and Border Protection and the Department of State.
- ***Assault Rifle Magazines to Mexico*** – On February 13, 2013, Mexican national Teodoro Sanchez-Alejo and Alejandro Rivera-Ruiz of Laredo, TX, were sentenced in the Southern District of Texas to 38 months and 52 months, respectively. Sanchez-Alejo, Rivera-Ruiz and codefendant Rafael Dolores Cortez, Jr. were charged by superseding indictment on June 19, 2012. Sanchez-Alejo and Rivera-Ruiz pleaded guilty on July 9, 2012, to attempting to illegally smuggle a total of 300 assault rifle magazines to Mexico. The magazines were designed for AK-47 type assault rifles and M-16/M-4/AR-15 type assault rifles. The investigation was conducted by ICE, ATF and CBP.
- ***Ammunition and Night Vision Goggles to Mexico*** – On February 4, 2013, Erik Alan Garza appeared in federal court in the Western District of Texas (San Antonio) following his extradition from Mexico on federal smuggling charges. Garza was charged in a June 2012 indictment with six counts of aiding and abetting the smuggling of goods from the United States. According to

the indictment, between June 19, 2010, and February 17, 2012, Garza and an accomplice, Rolando Tamayo, illegally attempted to smuggle defense articles into the Republic of Mexico from the United States. Those items included night vision monocular goggles, a thermal goggle, 400 sets of AR-15 front and rear flip-up tactical sights, approximately 5,000 high-capacity assault rifle magazines and approximately 6,000 rounds of ammunition, including 100 rounds of .50 caliber ammunition. The indictment also charges Tamayo, who remains a fugitive, with two counts of aiding and abetting the smuggling of goods. This case was investigated by ICE and ATF.

- ***Trade Secrets to China*** – On January 25, 2013, Ji Li Huang, a Chinese business owner and his employee, Xiao Guang Qi, pleaded guilty and were sentenced in the Western District of Missouri for conspiring to steal trade secrets from Pittsburgh Corning Corporation, that produces FOAMGLAS® insulation. Huang is the CEO of Ningbo Oriental Crafts Ltd., which employs 200 factory workers to manufacture promotional products for export to the United States and Europe. Qi was his employee. Huang was sentenced to 18 months in prison and ordered to pay a fine of \$250,000. Qi was sentenced to time served and ordered to pay a fine of \$20,000. Pittsburgh Corning, headquartered in Pittsburgh, Penn., manufactures various grades or densities of cellular glass insulation sold under the trade name FOAMGLAS®. That material is used to insulate buildings, industrial piping systems and liquefied natural gas storage tank bases. Pittsburgh Corning considers the product formula and manufacturing process for FOAMGLAS® proprietary and trade secrets. By pleading guilty, Huang and Qi admitted that they attempted to illegally purchase trade secrets of Pittsburgh Corning for the purpose of opening a plant in China to compete with Pittsburgh Corning. The court ruled that the intended loss to Pittsburgh Corning exceeded \$7 million, based on the company's investment of time and resources to research, develop and protect the proprietary information the defendants attempted to steal. Huang and Qi were arrested when they met with an individual they believed to be an employee of Pittsburgh Corning who had stolen documents that contained trade secret information and was willing to sell it to them for \$100,000. That employee, however, was cooperating with law enforcement and the meetings in Kansas City were a sting operation that led to their arrests on September 2, 2012. The case was investigated by the FBI.
- ***Military Lasers to Canada*** – On January 23, 2013, Joel Stone was sentenced in the Western District of Texas to 24 months imprisonment. Stone previously pleaded guilty on March 22, 2012, to receiving stolen property, illegal export of defense articles and money laundering. Stone illegally exported to Canada three stolen U.S. Military Advanced Target Pointer Illuminating Aiming Lasers, which are defense articles on the U.S. Munitions List. Stone was arrested on February 2, 2012 after being charged in a sealed criminal information on January 12, 2012.
- ***Sensitive Microwave Amplifiers to China and India*** -- On January 17, 2013, Timothy Gormley was sentenced to 42 months in prison, three years supervised release and a \$1,000 fine in Eastern District of Pennsylvania for five counts of violating the International Emergency Economic Powers Act (IEEPA). On October 17, 2012, Gormley, the former export control manager of AR Worldwide/Amplifier Research in Souderton, PA, pleaded guilty in connection with the illegal export of over 57 microwave amplifiers, which are controlled for National Security reasons due to their applications in military systems, including radar jamming and weapons guidance systems. The August 9, 2012, information alleged that between 2007 and 2011, Gormley failed to obtain the required licenses on behalf of the company for shipments sent to destinations requiring such licenses for the shipment of these goods. The information cited specific shipments of amplifiers from the United States to customers in India and China that Gormley caused without the required export license. This investigation was conducted by the Department of Commerce.

- Controlled Microelectronics to Russian Military and Intelligence Agencies*** – On January 10, 2013, defendants Lyudmila Bagdikian and Viktoria Klebanova pleaded guilty in the Eastern District of New York to their roles in exporting goods from the United States to Russian end users. On October 3, 2012, an indictment was unsealed in the Eastern District of New York charging 11 members of a Russian procurement network operating in the United States and Russia, as well as a Houston-based export company, Arc Electronics Inc., and a Moscow-based procurement firm, Apex System L.L.C., with illegally exporting high-tech microelectronics from the United States to Russian military and intelligence agencies. Alexander Fishenko, an owner and executive of both the American and Russian companies, is also charged with operating as an unregistered agent of the Russian government inside the U.S. by illegally procuring the microelectronics on behalf of the Russian government. The microelectronics allegedly exported to Russia are subject to U.S. controls due to their potential use in a wide range of military systems, including radar and surveillance systems, weapons guidance systems and detonation triggers. In conjunction with the unsealing of these charges, the Department of Commerce added 165 foreign persons and companies who received, transshipped, or otherwise facilitated the export of controlled commodities by the defendants to its “Entity List.” As alleged in the indictment, between October 2008 and the present, Fishenko and the other defendants engaged in a conspiracy to obtain advanced microelectronics from manufacturers and suppliers located in the United States and to export those high-tech goods to Russia, while evading the government export licensing system. The microelectronics shipped to Russia included analog-to-digital converters, static random access memory chips, microcontrollers and microprocessors. The defendants allegedly exported many of these goods, frequently through intermediary procurement firms, to Russian end users, including Russian military and intelligence agencies, and went to great lengths to conceal their procurement activities. The investigation uncovered a Russian Ministry of Defense document designating an Apex subsidiary as a company “certified” to procure and deliver military equipment and electronics. The FBI recovered a letter sent by a specialized electronics laboratory of Russia’s Federal Security Service (FSB), Russia’s primary domestic intelligence agency, to an Apex affiliate regarding certain microchips obtained for the FSB by Arc. The defendants’ principal port of export for these goods was John F. Kennedy International Airport in New York. In addition to Fishenko, Arc and Apex, the indictment also charges Shavkat Abdullaev, Lyudmila Bagdikian, Anastasia Diatlova, Viktoria Klebanova, Alexander Posobilov, Sevinj Taghiyeva, and Svetalina Zagon, who were arrested in Houston on October 2 and Oct 3, 2012. Three others charged in the indictment, Sergey Klinov, Yuri Savin, and Dimitriy Shegurov, were based overseas and were not arrested. The investigation was conducted by the FBI, Department of Commerce (BIS), Naval Criminal Investigative Service (NCIS) and the IRS.
- Hawk Air Defense Missile Batteries to Iran*** – On January 9, 2013, British businessman Christopher Tappin was sentenced in the Western District of Texas to serve 33 months in prison and ordered to pay a fine of \$11,357 for aiding and abetting the illegal export of defense articles in connection with his efforts to export to Iran special components of the Hawk Air Defense Missile. Tappin pleaded guilty on November 1, 2012, admitting that from December 2005 to January 2007, he aided and abetted others, including his Cyprus-based business associate Robert Gibson, and Robert Caldwell, of Portland, Ore., in an attempt to export Zinc/Silver Oxide Reserve Batteries to Iran. These particular batteries, a special component of the Hawk Air Defense Missile, are on the U.S. Munitions List and require a license for export from the United States. In October 2006, Tappin wired some \$25,000 from a London financial institution to an account in the United States as payment for five of the batteries. Using false shipping documentation, Tappin arranged for the transfer of the batteries to the United Kingdom without an export license through his specifically-designated freight forwarders in violation of export control regulations. During the investigation, Tappin agreed to reimburse the undercover agent

for \$5,000 in fines purportedly being assessed against him by U.S. Customs authorities after they had seized the shipment of batteries. Tappin also caused Caldwell to travel to San Antonio in January 2007 to take delivery of the batteries, ensure that they were shipped to him and to pay the undercover agent \$5,000 for the current fines. Tappin was first charged in a federal indictment on February 7, 2007. He was extradited from the United Kingdom to the United States for prosecution on February 24, 2012. On November 9, 2007, his co-defendant Robert Caldwell was sentenced in the Western District of Texas to 20 months in prison for his role in the scheme. Robert Gibson was sentenced on August 24, 2007 to a two-year prison term for his role in the scheme. The case was investigated by ICE.

- Missiles, Aviation Equipment and Submarine Design Information to Terrorist Organization*** – On December 27, 2012, Piratheepan Nadarajah and Suresh Sriskandarajah, two alleged operatives of the Liberation Tigers of Tamil Eelam (LTTE), a designated terrorist organization known as the “Tamil Tigers,” made their initial court appearances in the Eastern District of New York after being extradited from Canada. Nadarajah is charged with conspiring and attempting to acquire \$1 million worth of anti-aircraft missiles, missile launchers and other military equipment, and conspiring and attempting to provide material support to the LTTE. Sriskandarajah is charged with conspiring to provide material support to the LTTE and dealing in the property of a specially designated terrorist group. Nadarajah and Sriskandarajah were previously arrested in Canada. According to court filings, between July 1, 2006, and August 19, 2006, Nadarajah and several co-conspirators engaged in negotiations with an undercover FBI agent to purchase and export \$1 million worth of high-powered weapons and military equipment for the LTTE, including 20 SA-18 heat-seeking, surface-to-air, anti-aircraft missiles, 10 missile launchers and 500 AK-47s. Nadarajah and his associates attempted to acquire these weapons at the direction of senior LTTE leadership in Sri Lanka, including Pottu Amman, then the LTTE’s chief of intelligence and procurement and the top deputy to then LTTE leader Velupillai Prabakharan. The anti-aircraft weapons were to be used by the LTTE to shoot down Kfir aircraft used by the Sri Lankan military. Between September 2004 and April 2006, Sriskandarajah and several co-conspirators allegedly assisted a principal LTTE procurement officer to research and acquire aviation equipment, submarine and warship design software, and communications equipment. Sriskandarajah used students as couriers to smuggle prohibited items into territory in Sri Lanka then controlled by the LTTE. Additionally, Sriskandarajah allegedly helped the LTTE launder its proceeds in the United States and elsewhere. This investigation was conducted by the Newark and New York Divisions of the FBI’s Joint Terrorism Task Force.
- Dual-Use Programmable Logic Devices to China*** – On December 18, 2012, federal prosecutors in the District of Oregon unsealed a 12-count indictment charging Wan Li Yuan, aka “Nicholas Bush,” a resident of China, and another Chinese resident known as “Jason Jiang,” with export and money laundering violations in connection with their alleged efforts to obtain dual-use programmable logic devices (PLDs) from the United States for export to China. According to the indictment, while operating from China, Yuan and Jiang created a sophisticated scheme to conceal their true identity and location in order to mislead U.S. companies into believing they were dealing with American customers so they could procure and send sensitive technologies to China without the required export licenses. Yuan and Jiang allegedly sought to procure PLDs made by Lattice Semiconductor Corporation in Oregon, which are designed to operate at extreme temperature ranges and which can have military applications such as in missiles and radar systems. To further his efforts, the indictment alleges that Yuan created a fake website and email addresses using the name of a legitimate New York-based company. Yuan requested U.S. companies to ship the desired parts to the address of a freight forwarder in New York, which he also falsely represented as being associated with the New York company whose business name Yuan had stolen. Through the investigation and use of an undercover operation, the FBI and

Department of Commerce were able to seize approximately \$414,000 in funds sent by Yuan as down payments for the Lattice PLDs. Lattice Semiconductor cooperated with the government in the investigation, which was conducted by the FBI and Department of Commerce's BIS.

- ***Ammunition to Mexico*** – On December 13, 2012, Bryan Nelson Schonberg received an amended sentence in the Western District of Texas of 48 months imprisonment followed by 3 years supervised release and a \$5,000 fine for conspiracy to smuggle ammunition from the United States, conspiracy to smuggle high-capacity firearms magazines, and conspiracy to commit money laundering. Codefendants Jaime Rangel was sentenced on August 20, 2012 and Guadalupe Gallegos, Cirilio Soriano, Elataria Pedroza and Raquel Molinan were each sentenced on August 21, 2012, for their role in the conspiracy. Rangel and Soriano each received a sentence of 30 months imprisonment; Gallegos received a sentence of 24 months imprisonment; and, Pedroza and Molina were each sentenced to 5 years of probation. Schonberg pleaded guilty on August 15, 2012, to the charges, admitting that from July 2010 to July 2012, he and his codefendants conspired to smuggle ammunition for AK-47 and AR-15 type firearms as well as high-capacity firearms magazines from the United State to Mexico. Previously, on August 3, 2011, Schonberg, Rangel, Gallegos, Soriano, Pedroza and Galvan were arrested and charged with one count of conspiracy to smuggle ammunition from the United States; one aiding and abetting ammunition smuggling count; one count of conspiracy to smuggle high capacity firearms magazines; one aiding and abetting high capacity firearms magazine smuggling count; and, one count of conspiracy to commit money laundering. Pedroza was charged with one count of conspiracy to smuggle ammunition from the United States and one aiding and abetting ammunition smuggling count. According to the indictment, the scheme involved the sale of large quantities of ammunition and large capacity ammunition magazines to undercover agents. Furthermore, the defendants, knowing that the goods would be smuggled into Mexico, allegedly repackaged the ammunition from its original factory rigid cardboard boxes into taped bundles or plastic bags to make it easier to conceal from authorities. During this investigation, authorities have seized approximately 34,500 rounds of assault caliber ammunition and more than 180 large capacity magazines for AK-47 and AR-15 type firearms. The case was investigated by ICE.
- ***Night Vision Technology Overseas*** – On December 3, 2012, Sean Elias Sayegh, a retired Marine Corps staff sergeant who previously worked in the Marine Aviation Supply Office at Edwards Air Force Base in California, was sentenced in the Central District of California to 1 year of probation. Sayegh, who pleaded guilty on August 27, 2012, was arrested in March 2012 for allegedly lying to the government in connection with a scheme to illegally export military night vision technology overseas. Sayegh, who retired from the Marine Corps in December 2011, was charged in a March 2, 2012 indictment in the Central District of California with four counts of making false statements on customs declaration forms, stating that packages he was shipping contained camera lenses and other camera equipment, when the items were actually laser light interference filters (LIFs). The alleged violations, which occurred between December 2009 and February 2010, involved the shipment of more than 100 LIFs. LIFs, which are used with military night vision goggles, are on the U.S. Munitions List and cannot legally be exported without a license issued by the Department of State. This investigation was conducted by ICE, NCIS, DCIS, the U.S. Postal Inspection Service (USPIS) and U.S. Customs and Border Protection.
- ***Specialty Coatings to Pakistani Nuclear Facility*** – On December 3, 2012, in the District of Columbia, the China Nuclear Industry Huaxing Construction Co., Ltd. (Huaxing), a corporate entity owned, by the People's Republic of China (PRC), pleaded guilty to conspiracy to violate the International Emergency Economic Powers Act (IEEPA), and three unlawful exports of high performance coatings to a nuclear reactor in Pakistan. The plea marked the first time that a PRC corporate entity has entered a plea of guilty in a U.S. criminal export matter. Huaxing was also

sentenced to the maximum criminal fine of \$2 million, \$1 million of which was stayed pending its successful completion of five years of corporate probation. The terms of Huaxing's probation require it to implement an export compliance and training program that recognizes Huaxing's obligation to comply with U.S. export laws. In both the criminal and administrative case, Huaxing was accused of conspiring to export, re-export, and transship high-performance epoxy coatings to the Chashma II Nuclear Power Plant in Pakistan, a nuclear reactor owned by the Pakistan Atomic Energy Commission (PAEC), an entity on the Department of Commerce's Entity List. The Huaxing guilty plea was related to the December 21, 2010, guilty plea of PPG Paints Trading Co., Ltd. to a four-count information in the District of Columbia. Together, PPG Paints Trading and its parent company, PPG Industries, Inc., paid \$3,750,000 in criminal and administrative fines and over \$32,000 in restitution. The Huaxing guilty plea was also related to the November 15, 2011, guilty plea by Xun Wang to conspiracy to violate IEEPA. Wang also reached a settlement with the Commerce Department on November 15, 2011, in which she agreed to pay a civil penalty of \$200,000, with another \$50,000 payment suspended, and to be placed on the Commerce Department's Denied Persons List for five years, with an additional five years suspended. Wang, a former Managing Director of PPG Paints Trading, was the senior most PPG Paints Trading employee responsible for the unlawful export scheme. Wang, a Chinese national and lawful permanent resident of the United States, was arrested on June 16, 2011, in Atlanta. On June 7, 2011, a grand jury in the District of Columbia returned a sealed indictment against her. Wang was ultimately sentenced on December 20, 2012, to one year and one day in prison in connection with the scheme. According to Huaxing's plea documents, in January 2006, PPG Industries sought an export license for the shipments of coatings to Chashma II. In June 2006, the Department of Commerce denied that license application. Following that denial, Huaxing and its co-conspirators agreed upon a scheme to export, re-export and transship the high-performance epoxy coatings from the U.S. to Chashma II, via a third-party distributor in China, without first having obtained the required export license from the Department of Commerce. From June 2006 through around March 2007, members of the conspiracy falsely stated that the coatings were to be used at a nuclear power plant in China, the export of goods to which would not require a Commerce license. Through these means, Huaxing and its co-conspirators unlawfully exported three shipments of coatings from the U.S. to Chashma II worth approximately \$32,000. The investigation was conducted by BIS.

- ***Firearms to Mexico*** – On November 26, 2012, Sean Christopher Steward and Jacob Anthony Montelongo both of Phoenix, Az., were sentenced in the District of Arizona to serve 108 months and 41 months in prison, respectively, after entering guilty pleas to federal firearms trafficking charges. On July 18, 2012, Steward pleaded guilty to conspiracy to deal in firearms without a license, to make false statements in connection with the acquisition of a firearm, and to smuggle goods from the United States, and the making of false statements in connection with the straw purchase of 40 AK-47 assault rifles. On January 23, 2012, Montelongo pleaded guilty to conspiracy to deal in firearms without a license, to make false statements in connection with the acquisition of a firearm and smuggling goods from the United States, and willfully engaging in the business of dealing in firearms without a license. According to court records, Steward and Montelongo were two of the most prolific straw purchasers in the Phoenix-based firearms trafficking conspiracy. During a six-month period from December 2009 through June 2010, Steward, using funds provided by the leader of the firearms trafficking organization, paid over \$176,000 in cash to purchase approximately 289 firearms, including 260 AK-47 style firearms, 20 nine millimeter pistols, a .50 caliber rifle and other “weapons of choice” of the Mexican drug cartels. According to court records, Montelongo personally purchased and assisted in the straw purchase of 109 firearms, including multiple AK-47 style rifles and six .50 caliber rifles. This case was investigated by the ATF and IRS.

- Military Antennas to Iran*** – On November 20, 2012, an indictment in the District of Columbia charging Amin Ravan and his Iranian company, IC Market Iran (IMI), with conspiracy to defraud the United States, smuggling and violating the Arms Export Control Act, was unsealed. Ravan was arrested by authorities in Malaysia on October 10, 2012 and the United States is seeking his extradition. According to the indictment, which was returned under seal on November 16, 2011, Ravan was based in Iran and, at various times, acted as an agent of IMI in Iran and an agent of Corezing International, Pte, Ltd, a company based Singapore that also maintained offices in Hong Kong and China. In late 2006 and early 2007, Ravan allegedly attempted to procure for shipment to Iran export-controlled antennas made by a company in Massachusetts, through an intermediary in Iran. The antennas sought by Ravan were cavity-backed spiral antennas as well as biconical antennas. After this first attempt was unsuccessful, Ravan joined with two co-conspirators at Corezing in Singapore so that Corezing would contact the Massachusetts company and obtain the antennas on behalf of Ravan for shipment to Iran. When Corezing was unable to purchase the antennas from the Massachusetts firm, Corezing then contacted another individual in the United States who was ultimately able to obtain these items from the Massachusetts firm by slightly altering the frequency range of the antennas to avoid detection by the company's export compliance officer. Ultimately, between July and September 2007, a total of 50 cavity-backed spiral antennas and five biconical antennas were exported from the United States to Corezing in Singapore and Hong Kong. No party to these transactions -- including Ravan or IMI -- ever applied for or received a license from the State to export any of these antennas from the United States to Singapore or Hong Kong. This investigation was conducted by ICE, FBI and BIS.
- Military Aircraft Parts to Iran*** – On November 15, 2012, Alireza Moazami Goudarzi, an Iranian national, was charged in an indictment in the Southern District of New York in connection with a plot to illegally export military and civilian aircraft components from the United States to Iran. Goudarzi was arrested in Malaysia on October 24, 2012 and the United States is seeking his extradition. According to the indictment, in 2010, Goudarzi contacted a U.S. supplier seeking to buy certain civilian aircraft parts for shipment to Iran, and, as an incentive, offered to pay more than market value because of the embargo on sending these parts to Iran. After the supplier referred the solicitation to investigating agents, an undercover agent began corresponding with Goudarzi regarding the proposed purchase, as well as other purchases of aircraft parts that he sought. Those purchases included rotor blades for a particular model of attack helicopter, and most recently, jet engine parts listed on the U.S. Munitions List. Goudarzi met with the UC in person to purchase those parts and made payments to the UC towards their purchase. The indictment charges Goudarzi with conspiracy, money laundering and violations of the Arms Export Control Act and the International Emergency Economic Powers Act. The investigation was conducted by ICE and DCIS
- Restricted Microwave Amplifier Technology to China*** – On October 31, 2012, Fu-Tain Lu was sentenced in the Northern District of California to 15 months in prison. On November 17, 2011, Lu pleaded guilty to selling sensitive microwave amplifiers to the People's Republic of China without the required license. Lu was the owner and founder of Fushine Technology, Inc., corporation formerly located in Cupertino, Calif. Fushine was an exporter of electronic components used in communications, radar and other applications. At the time of the offense, Fushine had a sales representative agreement with Miteq Components, Inc., a New York-based manufacturer of microwave and satellite communications components and subsystems. Lu admitted that, on March 1, 2004, Fushine submitted a purchase order to Miteq for one microwave amplifier and requested that Miteq notify Fushine immediately if an export license was required. Miteq responded that the part was controlled for export to China. Nonetheless, on April 2, 2004, Fushine exported the amplifier to co-defendant Everjet Science and Technology Corporation (Everjet), located in China, without a license

from the Department of Commerce. Lu further admitted that the amplifier he shipped was restricted for export to China for reasons of national security. Lu, along with the two corporate defendants, Fushine and Everjet, were first indicted on April 1, 2009. A superseding indictment was returned on February 17, 2010. In addition to the count of conviction, the indictment also charged him with conspiring to violate U.S. export regulations, and lying to federal agents who were investigating that conduct. The superseding indictment quoted from an internal company e-mail in which an Everjet employee told a Fushine employee, “Since these products are a little bit sensitive, in case the maker ask [*sic*] you where the location of the end user is, please do not mention it is in China.” As part of the plea agreement, Lu also agreed to forfeit 36 additional microwave amplifiers seized on March 24, 2010, but that were not included in the superseding indictment. This investigation was conducted by the Department of Commerce (BIS), the FBI, ICE, and U.S. Customs and Border Protection.

- ***Stolen Tactical Laser Illuminators Overseas*** – On October 30, 2012, Fidel Ignacio Cisneros was sentenced in the Middle District of Florida to 46 months in prison followed by two years supervised release for violating the Arms Export Control Act. Cisneros, a former master sergeant in the U.S. Army pleaded guilty to the charge on July 31, 2012. According to court documents, from 2007 to 2010, Cisneros served as a soldier in the U.S. Army, where he performed various missions in that capacity, in Iraq and elsewhere. During his deployment, Cisneros stole three Acquired Tactical Illuminating Laser Aimers (Atilla 200 lasers), an ACOG rifle scope, and other items. He brought all of the items back to Orlando without first obtaining permission from the Department of Defense. Using his eBay account, Cisneros auctioned one of the Atilla 200 lasers to the highest bidder. Cisneros shipped the Atilla-200 laser from Orlando to a Japanese national in Tokyo, in exchange for \$3,200. The Atilla 200 laser requires a State Department license to be exported out of the United States, which Cisneros did not have. In March 2010, Cisneros also auctioned a PEQ AN/PEQ-14 night vision pointer illuminator, which was shipped to California; a Thuraya Hughes 7101 Satellite phone GSM+GPS, which was shipped to Kuwait; a Thuraya Satellite phone docker FDU 2500, which was shipped to California; and a PEQ/Atilla 200 rail mounted laser, which was shipped to Nevada. On January 26, 2011, Cisneros admitted to ICE agents that he knew it was probably wrong to sell the items and that civilians probably were not allowed to possess the items. That same day, agents recovered the remaining Atilla 200 lasers that Cisneros stole from the Army. Federal law enforcement agents in the United States and in Japan subsequently recovered all of the items Cisneros sold. Cisneros was charged in a May 16, 2012 indictment. This investigation was conducted by ICE and DCIS.
- ***Military Aircraft Engines and Components to Venezuelan Air Force*** – On October 29, 2012, Kirk Drellich, the owner of SkyHigh Accessories, Inc., an aircraft parts company in Florida, was sentenced in the Southern District of Florida to one year and one day in prison and was fined \$50,000, after pleading guilty earlier in the year to conspiracy to violate the Arms Export Control Act (AECA). On July 30, 2012, Victor Brown, an aircraft parts broker in Florida, pleaded guilty in the Southern District of Florida to conspiracy to violate the AECA. On July 27, 2012, Freddy Arguelles, a former Venezuelan Air Force pilot living in the U.S., pleaded guilty to conspiracy to violate the AECA. On July 13, 2012, Alberto Pichardo, an officer of the Venezuelan Air Force who was responsible for control of the Venezuelan Military Acquisitions Office in Doral, Fla., pleaded guilty to conspiracy to violate the AECA. Each of these four defendants was charged on June 25, 2012, with conspiring to violate the AECA in connection with their efforts to export to Venezuela U.S.-origin military aircraft engines and components from November 2008 through August 2010. According to the charges, co-conspirators residing in Venezuela and Spain advised the defendants and other members of the conspiracy of specific defense articles that the Venezuelan Air Force wanted to purchase. Some of the co-conspirators, including Pichardo and

Brown, also met with officials of the Venezuelan Air Force regarding these defense articles. The defendants allegedly purchased and obtained the requested defense articles from various U.S. suppliers. The defendants then made arrangements for the shipment of the defense articles to Venezuela. These items included T56 military aircraft engines and components for other military aircraft, including the F-16 fighter jet. Co-conspirators residing in foreign countries paid the defendants and other co-conspirators for their assistance in obtaining the defense articles. This investigation was conducted by the FBI.

- ***Military-Sensitive Parts to Iran*** – On October 29, 2012, Susan Yip, a citizen of Taiwan, was sentenced in the Western District of Texas to two years in federal prison for her role in a conspiracy to obtain and illegally export dual-use parts with military applications to Iran. A 17-count indictment, returned on June 15, 2012 and later unsealed, charged Yip, Mehrdad Foomanie of Iran, and Merdad Ansari of the United Arab Emirates, with conspiracy to violate the Iranian Trade Regulations, conspiracy to launder money and conspiracy to commit wire fraud. On July 20, 2012, Yip pleaded guilty to one count of conspiracy to violate the Iranian Trade Regulations. By pleading guilty, Yip admitted that from 2007 to 2011, she acted as a broker and conduit for Foomanie to buy items in the United States and have them unlawfully shipped to Iran. According to the indictment, Foomanie bought or attempted to buy items in the United States and arranged to have them unlawfully shipped to Iran through his companies in Iran, Hong Kong and China. Ansari allegedly attempted to transship and transshipped cargo obtained from the United States by Yip and Foomanie using Ansari's company in Dubai. Foomanie and Ansari remain fugitives. In her plea, Yip admitted to primarily using her companies in Taiwan and in Hong Kong to carry out the fraudulent scheme. The parts Yip obtained and attempted to obtain for Iran were worth millions of dollars, and could be used in such military systems as nuclear weaponry, missile guidance and development, secure tactical radio communication, offensive electronic warfare, military electronic countermeasures and radar warning and surveillance systems. From October 9, 2007, to June 15, 2011, the defendants obtained or attempted to obtain from companies worldwide over 105,000 parts valued at some \$2,630,800 involving more than 1,250 transactions. The defendants conducted 599 transactions with 63 different U.S. companies where they obtained or attempted to obtain parts from U.S. companies without notifying these companies the parts were being shipped to Iran or getting the required U.S. licenses to ship these parts to Iran. The case was investigated by ICE, FBI, DCIS and the Department of Commerce.
- ***Ammunition to Mexico*** – On October 25, 2012, Eagle Pass, Tex., residents Richard Hesles, Jr. and Damien Hesles both pleaded guilty in the Western District of Texas. Previously, on April 10, 2012, Hesles and Hesles were arrested pursuant to an April 4, 2012 indictment in the Western District of Texas charging them with smuggling more than 6,000 rounds of ammunition and hundreds of firearm magazines to Mexico. According to the indictment, the ammunition smuggled by the defendants was designed for various firearms, including AK-47 and AR-15 assault rifles, as well as .50 caliber sniper rifles. The investigation was conducted by ICE and ATF.
- ***Military Flight Helmets and Night Vision Goggles to Panama*** – On October 23, 2012, Martyn Caulfield, a British national illegally present in the United States, was sentenced in the Northern District of Florida to two years in prison after pleading guilty on June 27, 2012 to a five-count information charging him with illegally exporting defense articles, being an alien in possession of a firearm, and money laundering. Caulfield purchased new and used military equipment, including military flight helmets and advanced night vision goggles, and then resold these restricted defense articles over an eBay auction site for export without the required State Department licenses. During online discussions with undercover law enforcement agents, Caulfield agreed to export military flight helmets and night vision goggles to agents posing as

buyers from Panama. The shipments were intercepted before they departed the United States. More than \$81,000 was seized and forfeited from Caulfield in connection with the investigation. This investigation was conducted by ICE.

- ***Computers and Related Equipment to Iran*** – On October 18, 2012, in the Middle District of Florida, Mohammad Reza Hajian, a resident of Tampa, was sentenced to four years in prison and ordered to forfeit \$10 million for conspiracy to violate the Iranian Transaction Regulations. On July 11, 2012, Hajian pleaded guilty to conspiracy to export roughly \$10 million worth of computers and related equipment from the United States to Iran through the United Arab Emirates without first obtaining an export license from the Treasury Department. Additionally, Hajian as Chief Executive Officer of his computer companies, Nexiant LLC, RH International LLC, and P & P Computers LLC, pleaded guilty on behalf of the companies to count two of the information, charging these companies with conspiracy to export computers and related equipment to Iran without first obtaining an export license from the Treasury Department. On October 18, 2012, Nexiant LLC, P&P Computers, and RH International LLC each received a sentence of 24 months probation. The case was investigated by ICE and the Department of Commerce.
- ***Trade Secrets to South Korea*** – On October 18, 2012, South Korea-based Kolon Industries Inc. and several of its executives and employees were indicted in the Eastern District of Virginia for allegedly engaging in a multi-year campaign to steal trade secrets related to DuPont's Kevlar para-aramid fiber and Teijin Limited's Twaron para-aramid fiber. The indictment seeks forfeiture of at least \$225 million in proceeds from the alleged theft of trade secrets from Kolon's competitors and charges Kolon with one count of conspiring to convert trade secrets, four counts of theft of trade secrets and one count of obstruction of justice. Kolon makes a product called Heracron, which is a recent entrant into the para-aramid fiber market as a competitor to products called Kevlar and Twaron. Para-aramid fibers are used to make, for example, body armor, fiber optic cables and automotive and industrial products. Kevlar is produced by E. I. du Pont de Nemours and Company (DuPont), one of the largest chemical companies in the United States. For decades, Kevlar has competed against Twaron, a para-aramid fiber product produced by Teijin Limited, one of the largest chemical companies in Japan. According to the indictment, from July 2002 through February 2009, Kolon allegedly sought to improve its Heracron product by targeting current and former employees at DuPont and Teijin and hiring them to serve as consultants, then asking these consultants to reveal information that was confidential and proprietary. The indictment alleges that in July 2002, Kolon obtained confidential information related to an aspect of DuPont's manufacturing process for Kevlar, and within three years Kolon had replicated it. This successful misappropriation of DuPont's confidential information, the indictment alleges, spurred Kolon leadership to develop a multi-phase plan in November 2005 to secure additional trade secret information from its competitors, by targeting people with knowledge of both pre-1990 para-aramid technology and post-1990 technologies. Kolon is alleged to have retained at least five former DuPont employees as consultants. Kolon allegedly met with these people individually on multiple occasions from 2006 through 2008 to solicit and obtain sensitive, proprietary information that included details about DuPont's manufacturing processes for Kevlar, experiment results, blueprints and designs, prices paid to suppliers and new fiber technology. This investigation was conducted by the FBI.
- ***Firearms to China*** – On November 15, 2013, in the Eastern District of New York, Zhifu Lin, a Chinese national and resident of West Virginia, was sentenced to 108 months imprisonment. Previously, on October 4, 2012, Lin, pleaded guilty to violating the Arms Export Control Act and engaging in illegal weapons trafficking. Lin's plea came after Joseph Debose, a resident of

North Carolina and former Staff Sergeant in a U.S. Special Forces National Guard Unit, pleaded guilty on September 6, 2012 to violating the Arms Export Control Act. Lin, Debose and others exported multiple shipments of firearms from the U.S. to China by secreting them in packages and transporting them to shipping companies, including one in Queens, N.Y., to be sent to China. The weapons included numerous semiautomatic handguns, rifles, and shotguns. The smuggling scheme came to light after authorities in China seized a package containing firearms with defaced serial numbers shipped from Queens, N.Y. Thereafter, U.S. agents traveled to China and examined the firearms. Using forensic techniques, agents learned that one of the seized weapons had originally been purchased in North Carolina. Among the weapons seized in China were those Debose provided to his associates for export. On May 20, 2012, Debose was arrested in Smithfield, N.C., pursuant to a May 17, 2012 criminal complaint charging him with illegally exporting firearms to China without the required licenses. Lin and another Chinese national Lila Li, were also arrested and charged in connection with the case in an April 16, 2012 indictment in the Eastern District of New York. This investigation was conducted by ICE, ATF, IRS and BIS

- ***Theft of Trade Secrets for Potential Use in China*** – On September 19, 2012, Chunlai Yang, a former senior software engineer for Chicago-based CME Group, Inc., pleaded guilty in the Northern District of Illinois to two counts of theft of trade secrets for stealing source code and other proprietary information while at the same time pursuing plans to improve an electronic trading exchange in China. Yang admitted that he downloaded more than 10,000 files containing CME computer source code that made up a substantial part of the operating systems for the Globex electronic trading platform. The government maintains that the potential loss was between \$50 million and \$100 million. Yang began working for CME Group in 2000 and was a senior software engineer at the time of his arrest. Between late 2010, and June 30, 2011, Yang downloaded more than 10,000 computer files containing CME computer source code from CME's secure internal computer system to his CME-issued work computer. He then transferred many of these files from his work computer to his personal USB flash drives, and then transferred many of these files from his flash drives to his personal computers and hard drives at his home. Yang also admitted that he downloaded thousands of others CME files. Yang admitted that he and two unnamed business partners developed plans to form a business referred to as the Tongmei (Gateway to America) Futures Exchange Software Technology Company (Gateway), whose purpose was to increase the trading volume at the Zhangjiagang, China, chemical electronic trading exchange (the Zhangjiagang Exchange.) The Zhangjiagang Exchange was to become a transfer station to China for advanced technologies companies around the world. Yang expected that Gateway would provide the exchange with technology through written source code to allow for high trading volume, high trading speeds, and multiple trading functions. Yang was indicted on September 28, 2011. This investigation was conducted by the FBI.
- ***Trade Secrets to Competitors in China*** – On August 29, 2012, Jun Luo and Zhejiang Hongchen Irrigation Equipment Co., Ltd., pleaded guilty in the District of Utah. Zhejiang Hongchen Irrigation Equipment Co., Ltd. was sentenced to 36 months of probation, and ordered to pay a fine of \$100,000 and restitution of \$300,000 for its role in a scheme to defraud and conspiracy to commit wire fraud. On May 7, 2012, an indictment returned in the District of Utah in April 2012 was unsealed charging two people and two companies with theft of trade secrets, wire fraud, and conspiracy to commit wire fraud in connection with the alleged theft of trade secrets from Orbit Irrigation Products, an irrigation company headquartered in Utah. The defendants are Janice Kuang Capener and Jun Luo, both citizens of China, as well as Sunhills International LLC, a California company established by Capener; and Zhejiang Hongchen Irrigation Equipment Co., LTD, a Chinese company under contract with Orbit. According to court documents, Capener worked at Orbit from June 2003 through November 1, 2009, including serving as the chief of operations at Orbit's manufacturing plant in Ningbo, China. Capener allegedly stole Orbit trade

secrets relating to sales and pricing and used that information for herself and others to the detriment of Orbit. Capener also allegedly worked with Luo, Sunhills International and Zhejiang Hongchen Irrigation Equipment to devise a scheme to undermine Orbit's position in the marketplace using illegally obtained proprietary pricing information. Capener and Luo were arrested on May 4, 2012. This case was investigated by the FBI.

- ***Motorola Trade Secrets to China*** – On August 29, 2012, Hanjuan Jin, a former software engineer for Motorola, was sentenced in the Northern District of Illinois to four years in prison for stealing trade secrets from Motorola, specifically Motorola's proprietary iDEN telecommunications technology, for herself and for Sun Kaisens, a company that developed products for the Chinese military. According to court documents filed in the case, Motorola spent more than \$400 million researching and developing iDEN technology in just a matter of years. On February 8, 2012, Jin was found guilty of three counts of stealing trade secrets. Jin, a naturalized U.S. citizen born in China, possessed more than 1,000 electronic and paper Motorola proprietary documents when she was stopped by U.S. authorities at Chicago's O'Hare International Airport as she attempted to travel to China on February 28, 2007. The judge presiding over the case found her not guilty of three counts of economic espionage for the benefit of the government of China and its military. According to the evidence at trial, Jin began working for Motorola in 1998, and took medical leave in February 2006. Between June and November 2006, while still on sick leave, Jin pursued employment in China with Sun Kaisens, a Chinese telecommunications firm that developed products for the Chinese military. Between November 2006 and February 2007, Jin returned to China and did work for Sun Kaisens on projects for the Chinese military. On February 15, 2007, Jin returned to the United States from China and reserved a flight to China scheduled to depart on February 28, 2007. Jin advised Motorola that she was ready to return to work at Motorola, without informing Motorola that she planned to return to China to work for Sun Kaisens. On February 26, 2007, she returned to Motorola, and accessed hundreds of technical documents belonging to Motorola on its secure internal computer network. As she attempted to depart from Chicago to China, authorities seized numerous materials, some of which provided a description of communication feature that Motorola incorporates into its telecommunications products. Authorities also recovered classified Chinese documents describing telecommunication projects for the Chinese military. Jin was charged with theft of trade secrets in an April 1, 2008 indictment. A superseding indictment returned on December 9, 2008 charged her with economic espionage. The investigation was conducted by the FBI, with assistance from U.S Customs and Border Protection.
- ***Firearms to Haiti*** – On August 23, 2012, Jean Gordy Gedeon, a national of Haiti, was sentenced in the Middle District of Florida to 46 months imprisonment. Previously, on June 5, 2012, Gedeon pleaded guilty to a criminal information which charged the defendant with attempting to purchase and smuggle firearms from the United States to Haiti. Gedeon arranged with an undercover agent to purchase eleven firearms that he said he intended to smuggle to Haiti. He was arrested on May 30, 2012 after paying \$1,100 to the undercover agent for four pistols and a machine gun. The case was investigated by ATF.
- ***Anti-Aircraft Missile, Anti-Tank Weapons and Machine Guns to Mexican Drug Cartel*** – On August 22, 2012, Mexican national David Diaz-Sosa was sentenced in the District of Arizona to 25 years in prison after pleading guilty on April 19, 2011, to several violations related to his efforts to acquire military-grade weaponry in the United States for export to Mexico for use by a Mexican drug trafficking organization. Diaz-Sosa pleaded guilty to conspiracy to acquire and export an anti-aircraft missile, conspiracy to possess machine guns and transfer guns for use in a drug trafficking crime as well as methamphetamine violations. In 2009, Diaz-Sosa began negotiating with undercover agents for the purchase of weapons for the Sinaloa Drug Cartel in

Mexico, including a Stinger missile, several anti-tank weapons, grenade launchers, grenades, and machine guns. Diaz-Sosa and his associates agreed to exchange cash and methamphetamine as payment for the weapons. On February 17, 2010, Diaz-Sosa and Jorge DeJesus-Casteneda were arrested as they sought to finalize the weapons exchange with undercover agents. Diaz-Sosa, DeJesus-Casteneda, and an additional defendant, Emilia Palomino-Robles, were charged in a sealed indictment on March 16, 2010. Palomino-Robles pleaded guilty on April 13, 2011 to one drug violation, stemming from her role as a money and drug courier in the weapons-for-drugs transaction. On April 27, 2011, DeJesus-Casteneda was convicted of one count of possession with intent to distribute over 500 grams of methamphetamine, but was acquitted of other charges. DeJesus-Casteneda was sentenced on August 3, 2011 to 146 months in prison and five years supervised release. DeJesus-Casteneda was sentenced to 146 months incarceration on August 3, 2011. Palomino-Robles was sentenced on March 5, 2012 to 10 years in prison and 5 years supervised release for her role in the scheme. This investigation was conducted by the ATF and the DEA.

- ***Defense Services, Training, Technical Data, Body Armor and Ammunition to Foreign Nations*** -- On August 7, 2012, a criminal information was unsealed in the Eastern District of North Carolina charging Academi LLC, formerly known as Blackwater Worldwide and Xe Services, LLC, with violating the Arms Export Control Act, the International Emergency Economic Powers Act (IEEPA), as well as federal firearms laws and other violations. A deferred prosecution agreement (DPA) was also unsealed on the same day, in which the company admitted to certain facts set forth in the bill of information and agreed to pay \$7.5 million a fine. The DPA also acknowledged and referenced a \$42 million settlement between the company and the State Department to settle civil violations of the Arms Export Control Act. The criminal information alleged the company violated IEEPA by exporting satellite phones to the Sudan in November 2005 without a license from the Treasury Department. The information also alleged that the company violated arms export laws by proposing to provide security services and a threat assessment to the government of the Sudan; by providing military training to Canadian military and law enforcement officials between 2006 and 2008; by providing technical data related to the construction of armored personnel carriers to individuals from Sweden and Denmark between 2006 and 2008; and by exporting ammunition and body armor to Iraq and Afghanistan between 2004 and 2006 – all without the required State Department export licenses. The information also alleged that Academi possessed automatic weapons without registration or permission and that it falsely represented to the ATF that five firearms were owned by certain individuals, when the weapons had been given as a gift to the King of Jordan and his traveling entourage in June 2005. This case was investigated by the FBI, IRS, ATF, DCIS and ICE.
- ***Sensitive Military Encryption Technology to China*** – On July 31, 2012, Chi Tong Kuok, a resident of Macau, China, pleaded guilty in the Southern District of California to one count of conspiracy to illegally export defense articles and to smuggle goods from the United States. According to the guilty plea, Kuok and others conspired to purchase and export from the United States defense articles, including communication, precision location and cryptographic equipment, without a license from the State Department. Kuok also caused \$1,700 to be sent to the United States for the purchase and unlicensed export of a KG-175 Taclane Encryptor. According to court documents, the KG-175 Taclane Encryptor was developed by General Dynamics under a contract with the National Security Agency for use by the U.S. military to encrypt Internet Protocol communications. Kuok was first arrested on June 17, 2009 in Atlanta, Ga., after he arrived from Paris to catch a connecting flight to Panama in order to meet with undercover federal agents to take possession of controlled U.S. technology. A criminal complaint was filed on June 23, 2009 and an indictment returned on July 7, 2009. On May 11, 2010, Kuok was convicted at trial of conspiracy to export defense articles without a license and to smuggle

goods to Macau and Hong Kong, China; smuggling goods; attempting to export defense articles without a license; and money laundering. On September 13, 2010, Kuok was sentenced to 96 months in prison. Kuok appealed and in July 2012, the 9th U.S. Circuit Court of Appeals vacated Kuok's convictions on counts three and four and remanded to the district court for a new trial on counts one and two. The appeals court ruled that Kuok should have been allowed to put on a defense that he was forced into trying to procure the equipment by the Chinese government. Kuok pleaded guilty on July 31, 2012, prior to the second trial. In October 2012, Kuok was sentenced to time served. This investigation was conducted by ICE and DCIS.

- ***TOW Missile Components to Iran*** – On July 26, 2012, Andro Telemi, a naturalized U.S. citizen from Iran who resided in California, pleaded guilty in the Northern District of Illinois to one count of attempting to illegally export defense articles in connection with his efforts to export TOW and TOW2 missile components to Iran. He was later sentenced on November 30, 2012 to five years probation with 6 months home confinement and electronic monitoring and a \$10,000 fine. Telemi was indicted in December 2009, along with Davoud Baniameri, an Iranian citizen and who lived in Woodland Hills, Calif. A superseding indictment returned in July 2010 charged Telemi, Baniameri and Syed Majid Mousavi, an Iranian citizen living in Iran. According to court documents, sometime before October 2008, Mousavi, based in Iran, contacted Baniameri in California and requested that he purchase Marconi radio test sets for illegal export from the United States to Iran via Dubai. Baniameri purchased these sets from an Illinois company and later exported them to Iran via Dubai. Mousavi also requested that Baniameri purchase and export to Iran, via Dubai, ten connector adaptors for the TOW and TOW2 missile system, which are used on the U.S. Army's Bradley fighting vehicle and the U.S. Marine Corp's AH-1W Cobra attack helicopter. Baniameri later negotiated the purchase of these items from an Illinois company for \$9,450 and directed Telemi to assist him in this effort and to take possession of the items. To facilitate the export of these goods, Baniameri arranged to fly to Iran, but he was arrested before leaving the country. Baniameri conducted business via Pacific Green Valley, a firm in California, while Telemi conducted business as Oceanic Import Cars, Inc., a firm in California. On May 31, 2011, Baniameri pleaded guilty to conspiracy to illegally export goods and technology to Iran and to attempt to illegally export defense articles in connection with the TOW missile components and radio test sets. Baniameri was sentenced on August 12, 2011 to 51 months in prison. This investigation was conducted by ICE, DCIS, BIS, and IRS.
- ***Assault Rifles to Mexico*** – On July 24, 2012, Marino Castro Jr., was sentenced in the Western District of Texas to 20 years in prison followed by three years supervised release after pleading guilty on December 2, 2010 to one count of smuggling and one count of felon in possession of a firearm with an obliterated serial number. According to court records, numerous defendants, under the direction of ringleaders Castro and Edward Levar Davis of Eagle Pass, TX, conspired to illegally purchase firearms from San Antonio area firearms dealers. Once retrieved from straw purchasers, Castro and Davis arranged to transport the firearms to a staging location in Eagle Pass where they were to be smuggled into Mexico to the Los Zetas drug trafficking organization. Between May 2010 and August 2010, authorities intercepted five shipments attributed to this trafficking cell and seized over 200 firearms, including handguns, AK-47 and AR15-style assault rifles and one .50 caliber Barrett sniper rifle. The remaining defendants charged include Antonia Naranjo Lopez, Jake Lee Cardenas, and Ricky Castillo. Lopez pleaded guilty on February 3, 2011 to Count 1 of the indictment; Cardenas pleaded guilty on December 15, 2010 to Count 2 of the indictment and was sentenced on October 20, 2011 to 72 months imprisonment; Castillo pleaded guilty on January 27, 2011 to Count 5 of the indictment and was sentenced on November 17, 2011 to 120 months imprisonment. The case was investigated by ICE and ATF.

- ***Military-Grade Riflescopes Overseas*** – On July 13, 2012, Geoffrey Roose was sentenced in the Western District of Washington to 10 months in prison and two years supervised release for his efforts to sell military-grade riflescopes overseas via eBay. Roose was arrested on a complaint on December 6, 2011, indicted on February 22, 2012 and pleaded guilty March 28, 2012 to attempting to violate the Arms Export Control Act. Federal agents learned that Roose had sold export-restricted rifle scopes to individuals overseas without the required license and warned him that such exports were restricted. Despite the warning, Roose continued to offer the items for sale on eBay with no limitation on their export. He later sold one of the military scopes to an undercover agent who requested that it be sent to Europe. This case was investigated by ICE.
- ***Materials for Gas Centrifuges and Other Nuclear-Related Goods to Iran*** – On July 12, 2012, a grand jury in the District of Columbia returned a superseding indictment charging Parviz Khaki, a citizen of Iran, and Zongcheng Yi, a resident of China, for their alleged efforts to obtain and illegally export to Iran U.S.-origin materials used to construct, operate and maintain gas centrifuges to enrich uranium, including maraging steel, aluminum alloys, mass spectrometers, vacuum pumps and other items. Khaki was also accused of conspiring to procure radioactive source materials from the United States for customers in Iran. The indictment charges Khaki and Yi each with conspiracy to violate the International Emergency Economic Powers Act (IEEPA), conspiracy to defraud the United States, smuggling, illegally exporting U.S. goods to Iran in violation of IEEPA; and conspiracy to commit money laundering. Khaki was arrested on May 24, 2012, by authorities in the Philippines in connection with a U.S. provisional arrest request stemming from a March 8, 2012 indictment in the District of Columbia. Yi, who is purported to be the managing director of Monalila Co. LTD, a toy company in Guangzhou City, China, remains at large. From around October 2008 through January 2011, Khaki, Yi and others allegedly conspired to cause the export of goods from the United States to Iran without a Treasury Department license. In carrying out the conspiracy, Khaki directed Yi and others to contact U.S. companies about purchasing U.S.-origin goods. Yi and other conspirators then purchased goods from various U.S. companies and had the goods exported from the United States through China and Hong Kong to Khaki and others in Iran. Yi and others made false statements to U.S. companies on behalf of Khaki to conceal that Iran was the final destination and end-user of the goods. For example, the indictment alleges that Khaki reached out to an individual in China, as well as to Yi, and to an undercover agent in the United States to obtain 20 tons of C-350 maraging steel from the United States for Khaki's customer in Iran. In late 2008, Khaki also reached out to an individual in China about procuring 20 tons of 7075-O aluminum alloy 80mm rods and 20 tons of 7075-T6 aluminum alloy 150 mm rods from the United States or Europe. Khaki also allegedly sought to obtain mass spectrometers from the United States, including a magnetic mass spectrometer for the isotopic analysis of gaseous uranium hexafluoride, which is used in the gas centrifuge process to enrich uranium. Khaki and Yi also conspired to obtain other items from U.S. companies that can be used for gas centrifuges, including measuring instruments, MKS Baratron pressure transducers, vacuum pumps and other accessories, according to the charge. Khaki also allegedly sought to obtain radioactive source materials from the United States, including barium-133 source, europium-152 source, cobalt-57 source, and cadmium-109 source. Finally, the indictment alleges the defendants were able to successfully cause the illegal export of two Twister Speed Lathes as well as nickel alloy 120 wire from the U.S. through China to Iran. This investigation was conducted by ICE.
- ***Military Software Used For China's First Modern Attack Helicopter*** -- On June 28, 2012, in the District of Connecticut, Pratt & Whitney Canada Corp. (PWC), a Canadian subsidiary of Connecticut-based defense contractor United Technologies Corp. (UTC), pleaded guilty to violating the Arms Export Control Act and making false statements in connection with its illegal export to China of U.S.-origin military software that was used in the development of China's first

modern military attack helicopter, the Z-10. In addition, UTC, its U.S.-based subsidiary Hamilton Sundstrand Corp. (HSC), and PWC all agreed to pay more than \$75 million as part of a global settlement with the Justice Department and the State Department in connection with various export violations, including those related to the Z-10, and for making false and belated disclosures to the U.S. government about the illegal exports for the Z-10. A three-count criminal information was filed against the companies. Count one charged PWC with violating the Arms Export Control Act for the illegal export of defense articles to China for the Z-10 helicopter. Specifically, in 2002 and 2003 PWC knowingly and willfully caused HSC military software used to test and operate PWC engines to be exported to China for the Z-10 without any U.S. export license. PWC knew from the start of the Z-10 project in 2000 that the Chinese were developing an attack helicopter and that supplying it with U.S.-origin components would be illegal. According to court documents, PWC's illegal conduct was driven by profit. PWC anticipated that its work on the Z-10 attack helicopter in China would open the door to a far more lucrative civilian helicopter market in China potentially worth as much as \$2 billion to PWC. Count two of the information charged PWC, UTC, and HSC with making false statements about these illegal exports to the State Department in their belated disclosures, which did not begin until 2006. Count three charged PWC and HSC for their failure to timely inform the State Department of the unlawful export of defense articles to China, an embargoed nation, as required by U.S. export regulations. This is the first case in which the provisions in count three have been enforced criminally. While PWC pleaded guilty to counts one and two, prosecution of PWC, UTC, and HSC on the other charges is deferred for two years, provided that the companies abide by the terms of a deferred prosecution agreement with the Justice Department. In addition to the resolution of the criminal charges, as part of a global settlement, UTC also resolved over 500 additional administrative charges with the State Department. Those charges involved more than 800 exports in violation of the Arms Export Control Act from the mid-1990s to 2011. In connection with the global settlement with the Justice and State Departments, PWC, UTC, and HSC agreed to pay more than \$75 million in penalties, subject themselves to independent monitoring for several years, and be required to comply with an extensive training and remedial action program to strengthen their export compliance. This investigation was conducted by ICE, DCIS, FBI, Commerce and the State Department.

- ***Carbon Fiber Material to Iran*** – On June 21, 2012, Richard Phillips, a resident of the Bronx, N.Y. was sentenced in the Eastern District of New York to 92 months in prison for attempting to export carbon fiber material to Iran in violation of the International Emergency Economic Powers Act. Phillips pleaded guilty to this charge on January 18, 2012. According to court filings, in October 2011, Phillips offered his services and expertise in exporting a spool of carbon fiber to Tehran, Iran, via the Philippines. The two main applications of carbon fiber in specialized technology, including aerospace and nuclear technology, and in general engineering and transportation. After a series of communications with an undercover federal agent in which he was warned of the law regarding exports of carbon fiber to Iran, Phillips insisted on moving forward with the export. He took possession of a spool of carbon fiber which was placed into a shipping container and affixed a label to the contained addressed to the Philippines, where it was to be forwarded to Iran. Phillips was first charged by criminal complaint on October 21, 2011. This investigation was conducted by ICE and the DCIS.
- ***\$619 Million Fine Against ING Bank for Transactions with Iran and Cuba*** – On June 12, 2012, ING Bank, N.V., a global bank based in Amsterdam, agreed to forfeit \$619 million to the Justice Department and the New York County District Attorney's Office for conspiring to violate U.S. sanctions on Iran and Cuba as well as New York state laws by illegally moving more than \$2 billion (via more than 20,000 transactions) through the U.S. financial system on behalf of sanctioned entities in Iran and Cuba. This conduct caused unaffiliated U.S. banks to unwittingly

process transactions that should have been blocked or stopped pursuant to Treasury Department regulations. On June 12, 2012, a criminal information was filed in the District of Columbia charging ING Bank with one count of conspiring to violate the International Emergency Economic Powers Act and the Trading with the Enemy Act. ING Bank waived the federal indictment, agreed to the filing of the information, accepted responsibility for its criminal conduct and that of its employees, and agreed to pay \$619 million to the Justice Department and the New York County District Attorney's office under deferred prosecution agreements with each. The fine represented the largest against a financial institution in connection with an investigation into U.S. sanctions and related offenses. The Justice Department's case against ING Bank arose out of ongoing investigations by the National Security Division and U.S. Attorney's Office for the District of Columbia into the illegal export of goods from the United States to sanctioned countries, including Iran. For instance, ING processed payments on behalf of one customer, Aviation Services International B.V. (ASI), a Dutch aviation company which was the subject of a U.S. Commerce Department-initiated criminal investigation, through the United States for trade services relating to the procurement by ASI of dual-use U.S. aviation parts for ASI's Iranian clients. The ING Bank investigation also resulted in part from a criminal referral from OFAC, which was conducting its own probe of ING Bank. The ING Bank investigation was conducted by the FBI, IRS, with assistance from OFAC and the Commerce Department.

- ***Pressure Transducers with Nuclear Applications to China and Elsewhere*** – On June 13, 2012, in the District of Massachusetts, a grand jury returned an indictment charging Qiang Hu, aka Johnson Hu, 47, a Chinese national and resident of Shanghai, with conspiracy to illegally export from the United States to China and elsewhere dual-use pressure transducers, in violation of the International Emergency Economic Powers Act (IEEPA). Pursuant to a criminal complaint, Hu was arrested on May 22, 2012, after he arrived in Massachusetts for a business meeting. According to the indictment, the pressure transducers in question, manufactured by MKS Instruments headquartered in Andover, Mass., are controlled for export by the Commerce Department because they can be used in gas centrifuges to enrich uranium and produce weapons-grade uranium. Specifically, they can be used to measure gas pressure of uranium hexafluoride in centrifuge cascades. The indictment claims that Hu worked as a sales manager for a subsidiary of MKS Instruments in Shanghai, where he has been employed since 2008. Hu and his co-conspirators allegedly caused thousands of MKS export-controlled pressure transducers, worth more than \$6.5 million, to be illegally exported from the United States to unauthorized end-users in China and elsewhere using export licenses fraudulently obtained from the Department of Commerce. The indictment alleges that Hu and his co-conspirators used two primary means of deception to export the pressure transducers. First, the conspirators used licenses issued to legitimate MKS business customers to export the pressure transducers to China, and then caused the parts to be delivered to other end-users who were not themselves named on the export licenses or authorized to receive the parts. Second, the conspirators obtained export licenses in the name of a front company and then used these fraudulently obtained licenses to export the parts to China, where they were delivered to the actual end-users. MKS is not a target of the federal investigation into these matters. This investigation was conducted by FBI, ICE, and BIS.
- ***Aircraft Components and Other Materials to Iran*** – On May 15, 2012, Ulrich Davis, a former manager of a Netherlands-based freight forwarding company, was sentenced in the District of New Jersey to six months in prison after pleading guilty on February 6, 2012 to conspiracy to defraud the United States by facilitating the illegal export of goods to Iran. Davis was first arrested on August 6, 2011. In October 2007, the Commerce Department issued a Temporary Denial Order (TDO) denying export privileges to the company of a co-conspirator of Davis. The TDO prohibited any person, including Davis, from directly or indirectly exporting or re-exporting to or on behalf of the co-conspirator. The co-conspirator located in another country, purchased

U.S. origin goods from a New Jersey firm for businesses and governmental agencies of Iran. The New Jersey firm was in the business of reselling chemicals, lubricants, sealants and other products used in the aircraft industry. As part of the conspiracy, Davis and his coconspirator directed a New York freight forwarding company to arrange for a trucking company to pick up commodities from the New Jersey company and transport them to New York on behalf of the coconspirator's company. Davis admitted that in November 2007, he completed an air waybill that represented certain acrylic adhesives and spray paint coatings obtained from a New Jersey company were to be forwarded on behalf of the co-conspirator's company to Iran after issuance of the TDO. Davis acknowledged that at no time was any relief, exception, or other authorization sought from the TDO. The investigation was conducted by BIS, ICE, and DCIS.

- ***Thermal Imaging Cameras to China*** – On May 7, 2012, Hing Shing Lau, also known as Victor Lau, a foreign national living in Hong Kong, Peoples Republic of China, was sentenced in the Southern District of Ohio to 10 months in prison followed by 2 years supervised release. Previously, on May 3, 2012, Lau pleaded guilty to two counts of violating export control laws. On June 9, 2009, a federal grand jury in the Southern District of Ohio indicted Lau on charges of trying to buy 12 infrared thermal imaging cameras from a Dayton-area company in order to illegally export the cameras to Hong Kong and China. The indictment alleges that Lau tried to buy 12 thermal imaging cameras manufactured in Texas by contacting a company in the Dayton area. On three occasions, he wire transferred a total of \$39,514 from Hong Kong to the U.S. as partial payment for the cameras. The indictment charges Lau with two counts of violating export control laws and four counts of money laundering. Canadian authorities arrested Lau on June 3, 2009, at the Toronto International Airport pursuant to a provisional arrest warrant issued by U.S. authorities. The investigation was conducted by the FBI, and BIS, with the assistance of the U.S. Department of State.
- ***Firearms to Nigeria*** – On May 3, 2012, Olamide Ogunyale was sentenced in the Northern District of Georgia to 8 months in prison, followed by two years of supervised release, for attempting to smuggle firearms to Nigeria. Ogunyale pleaded guilty on December 1, 2012. According to court documents, in April 2011, Ogunyale agreed to help an individual ship 12 firearms and vehicles from the Port of Savannah, Ga., to Nigeria and completed export paperwork without declaring the hidden shipment of weapons. The case was investigated by the ATF and ICE.
- ***Drone, Missile and Stealth Technology to China*** – On April 25, 2012, an amended criminal complaint was unsealed in the District of New Jersey charging Hui Sheng Shen, aka “Charlie,” and Huan Ling Chang, aka, “Alice,” both Taiwanese nationals, with conspiracy to violate the Arms Export Control Act. Both had previously been arrested on February 25, 2012 in New York in connection with a complaint in New Jersey charging them with conspiring to import and importing crystal methamphetamine from Taiwan to the United States. According to the amended complaint, during negotiations with undercover FBI agents over the meth deal, the defendants asked FBI undercover agents if they could obtain an E-2 Hawkeye reconnaissance aircraft for a customer in China. In subsequent conversations, Shen and Chang allegedly indicated they were also interested in stealth technology for the F-22 fighter jet, as well missile engine technology, and various Unmanned Aerial Vehicles (UAV), including the RQ-11b Raven, a small, hand-launched UAV used by the U.S. Armed Forces. Shen and Chang allegedly stated that their clients were connected to the Chinese government and its intelligence service. According to the complaint, they sent undercover agents a code book to facilitate communications relating to the proposed arms exports and opened a bank account in Hong Kong to receive and disburse funds related to the transactions. On a visit to New York in February 2012, the defendants allegedly examined a Raven RQ-11b UAV and manuals relating to the RQ-

4 Global Hawk UAV (provided by undercover FBI agents) that they allegedly intended to export to China. Shen and Chang were arrested shortly thereafter. The export investigation was conducted by the FBI, while ICE was responsible for a parallel investigation into the import of counterfeit goods from China involving other defendants.

- ***Thermal Imaging Cameras to China*** – On April 23, 2012, Jason Jian Liang, the owner and operator of Sanwave International Corporation in Huntington Beach, Calif., was sentenced to 46 months in prison and three years supervised release after pleading guilty on July 18, 2011, in the Central District of California to violations stemming from his illegal exports of thermal imaging cameras to Hong Kong and China. Lian was first indicted on June 2, 2010. An August 18, 2010 superseding indictment charged Liang with illegally exporting more thermal imaging cameras to China without first having obtained the required licenses. The cameras in question were manufactured by L-3 Communications Infrared Products and were designated by the Commerce Department as an export-controlled item that could not be exported to China for national security and regional stability reasons. Ultimately Lian admitted making seven illegal exports of 300-D thermal imaging cameras over a 31-month period. All told, he exported 63 cameras.
- ***Ammunition and Night Vision Devices to Mexico*** – On April 10, 2012, Enrique Gustavo Gonzalez was sentenced in the Southern District of Texas to 36 months in prison and two years supervised release after pleading guilty on September 8, 2010 to arms export violations. In June 2010, officers with the Roma, TX, police department conducted a traffic stop of Gonzalez, where a search of his car revealed 7,260 rounds of ammunition, military night vision goggles, military night vision rifle scopes, infrared illuminators, as well as two .30-06 rifles – all of which are on the U.S. Munitions List. Gonzalez later admitted he was taking the materials to a ranch along the border, where the items would be crossed into Mexico. The investigation was conducted by ICE.
- ***Arms to Colombian Terrorists to Kill Americans*** – On April 5, 2012, international arms dealer Viktor Bout was sentenced in the Southern District of New York to 25 years in prison, five years of supervised release and ordered to forfeit \$15 million after being convicted on November 2, 2011 of conspiracy to kill U.S. nationals; conspiracy to kill U.S. officers and employees; conspiracy to acquire and use an anti-aircraft missile; and conspiracy to provide material support to the Revolutionary Armed Forces of Colombia (FARC), a designated terrorist organization. Bout was first arrested on March 5, 2008 by Thai authorities in Bangkok, Thailand. On November 17, 2010, after more than two years of legal proceedings in Thailand, Bout was extradited from Thailand to the United States to stand trial on the charges. According to court documents and evidence introduced at trial, between November 2007 and March 2008, Bout agreed to sell to the FARC millions of dollars' worth of weapons – including 700 - 800 surface-to-air missiles (SAMs), more than 20,000 AK-47 firearms, 10 million rounds of ammunition, five tons of C-4 plastic explosives, "ultralight" airplanes outfitted with grenade launchers, and unmanned aerial vehicles. Bout agreed to sell the weapons to two confidential sources working with the DEA (the "CSs"), who represented that they were acquiring them for the FARC, with the specific understanding that the weapons were to be used to attack U.S. helicopters in Colombia. During a covertly recorded meeting in Thailand in 2008, Bout stated to the CSs that he could arrange to airdrop the arms to the FARC in Colombia, and offered to sell two cargo planes to the FARC that could be used for arms deliveries. Bout said that he understood that the CSs wanted the arms to use against American personnel in Colombia, and advised that, "we have the same enemy," referring to the United States. During the meeting, he also offered to provide people to train the FARC in the use of the arms. The investigation was conducted by the DEA.

- ***\$4 Million Arms Shipment to Cote d'Ivoire*** – On March 26, 2012, Michael Barry Shor, of Alexandria, Va., was sentenced in the Northern District of California to 18 months in prison, after pleading guilty on August 1, 2010 to one count of conspiracy to violate the Arms Export Control Act. In pleading guilty, Shor admitted that, beginning in July 2009 until about April 21, 2010, he conspired with others to illegally export 4,000 Glock 9mm handguns, 200,000 rounds of ammunition, and 50,000 tear gas grenades from the United States to the Cote d'Ivoire on behalf of the Cote d'Ivoire Defense Ministry, purportedly for use in the 2010 elections in that country. According to court documents filed in the case, federal agents learned in 2009 that Shor, located in the United States, was working to broker the export of arms and ammunition to Cote d'Ivoire. During investigation that ensued, Shor revealed to undercover agents that he was brokering the deal on behalf of the Defense Minister of Cote d'Ivoire. In April 2010, officials in Cote d'Ivoire wire transferred \$1.9 million from a bank in New York to an undercover bank account in San Jose, Calif., as a 50 percent down payment for the shipment of arms and ammunition. Shor was then arrested by ICE agents. After his arrest, ICE agents were provided with information on the identity of several individuals from the Cote d'Ivoire who were assigned to conduct an inspection of a sample of the weapons to be shipped from the United States. On August 31, 2010, Nguessan Yao, a citizen of the Cote d'Ivoire and other co-conspirators were picked up from a location in New York City and were shown 500 9mm pistols, 1,000 tear gas grenades and 100,000 rounds of 9mm ammunition by the agents at a location in New Jersey. A few days later, these conspirators arranged for another \$1.9 million to be wire transferred to a government controlled bank account. Yao was subsequently arrested. On September 22, 2010, both Shor and Yao were charged in a superseding indictment in the Northern District of California with one count of conspiracy to export arms in violation of a United Nations Security Council Arms Embargo, and in violation of a U.S. law and regulation; and one count of attempting to export defense articles. Yao pleaded guilty on October 4, 2011 to conspiracy to violate the Arms Export Control Act and was sentenced on November 22, 2011 to one year and one day in prison. The investigation was conducted by ICE.
- ***DuPont Trade Secrets to China*** – On March 2, 2012, former DuPont scientist Tze Chao pleaded guilty in the Northern District of California to conspiracy to commit economic espionage, admitting that he provided trade secrets concerning DuPont's proprietary titanium dioxide manufacturing process to companies he knew were controlled by the government of the People's Republic of China (PRC). On February 7, 2012, a grand jury in San Francisco returned a superseding indictment charging Chao and four other individuals, as well as five companies, with economic espionage and theft of trade secrets for their roles in a long-running effort to obtain U.S. trade secrets from DuPont for the benefit of companies controlled by the PRC. The five individuals named in the indictment were Walter Liew, his wife Christina Liew, Hou Shengdong, Robert Maegerle, and Tze Chao. The five companies named as defendants are Pangang Group Company Ltd; Pangang Group Steel Vanadium Industry Company Ltd; Pangang Group Titanium Industry Company Ltd., Pangang Group International Economic & Trading Co; and USA Performance Technology, Inc. According to the superseding indictment, the PRC government identified as a priority the development of chloride-route titanium dioxide (TiO₂) production capabilities. TiO₂ is a commercially valuable white pigment with numerous uses, including coloring paint, plastics and paper. To achieve that goal, companies controlled by the PRC government, specifically the Pangang Group companies named in the indictment, and employees of those companies conspired and attempted to illegally obtain TiO₂ technology that had been developed over many years of research and development by DuPont. The Pangang Group companies were aided in their efforts by individuals in the United States who had obtained TiO₂ trade secrets and were willing to sell those secrets for significant sums of money. Defendants Walter Liew, Christina Liew, Robert Maegerle and Tze Chao allegedly obtained and possessed TiO₂ trade secrets belonging to DuPont. Each of these individuals allegedly sold information

containing DuPont TiO₂ trade secrets to the Pangang Group companies for the purpose of helping those companies develop large-scale chloride route TiO₂ production capability in the PRC, including a planned 100,000 ton TiO₂ factory at Chongqing, PRC. The Liews, USAPTI, and one of its predecessor companies, Performance Group, entered into contracts worth in excess of \$20 million to convey TiO₂ trade secret technology to Pangang Group companies. The Liews allegedly received millions of dollars of proceeds from these contracts. The proceeds were wired through the United States, Singapore and ultimately back into several bank accounts in the PRC in the names of relatives of Christina Liew. The object of the defendants' conspiracy was to convey DuPont's secret chloride-route technology to the PRC companies for the purpose of building modern TiO₂ production facilities in the PRC without investing in time-consuming and expensive research and development. DuPont invented the chloride-route process for manufacturing TiO₂ in the late-1940s and since then has invested heavily in research and development to improve that production process. The global titanium dioxide market has been valued at roughly \$12 billion, and DuPont has the largest share of that market. This investigation was conducted by the FBI.

- ***Military Gyroscopes and Other Technology to Iran*** – On February 29, 2012, a federal grand jury in the District of Columbia returned an indictment charging David Levick, an Australian national, and his company, ICM Components Inc., located in Thorleigh, Australia, with conspiring to export sensitive military and other technology from the United States to Iran, including components with applications in missiles, drones, torpedoes and helicopters. The indictment charged Levick and ICM each with one count of conspiracy to defraud the United States and to violate the International Emergency Economic Powers Act (IEEPA) and the Arms Export Control Act; as well as four counts of illegally exporting goods to an embargoed nation in violation of IEEPA; and forfeiture of at least \$199,227.41. Levick and ICM allegedly solicited orders from an Iranian representative of a trading company in Iran. Levick and ICM then placed orders with U.S. companies on behalf of the Iranian representative for U.S. aircraft parts and other goods. Among the items they allegedly sought to procure from the United States were military-grade VG-34 Series Miniature Vertical Gyroscopes – which are used in applications such as helicopter flight systems, target drones, missiles, torpedoes and remotely piloted vehicles -- as well as military-grade K2000 Series Servo Actuators designed for use on aircraft. The defendants also sought precision pressure transducers, emergency floatation system kits -- for use on helicopters -- and shock mounted light assemblies. Levick and ICM often used a broker in Florida to place orders for these goods and allegedly concealed the final end-use and end-users of the goods from the U.S. In addition to the conspiracy allegations, the indictment charges the defendants with exporting to Iran four specific shipments involving shock mounted lighted assemblies, precision pressure transducers and an emergency floatation system kit. Levick remains at large. The investigation was conducted by BIS, FBI, DCIS and ICE.
- ***Defense Items to the United Arab Emirates*** – On February 24, 2012, Andrew Silcox was sentenced to 24 months in prison after pleading guilty on December 15, 2011 in the Western District of Texas to one count of violating the Arms Export Control Act. Silcox was in the business of purchasing surplus Defense Department equipment and reselling it. According to court documents, Silcox sold a Naval Radar Control Unit part (also known as a Sensitivity time Control Generator Assembly) and attempted to sell three others to an undercover agent posing as a broker for a purchaser in the United Arab Emirates. The units Silcox attempted to sell are defense articles that require a State Department license for export. Silcox was arrested in San Antonio on October 21, 2011. This investigation was conducted by ICE and DCIS.
- ***Computer-Related Technology to Iran*** – On February 17, 2012, Jeng “Jay” Shih, was sentenced in the District of Columbia to 18 months in prison, while his Queens, N.Y., company, Sunrise

Technologies and Trading Corporation, was sentenced to 24 months corporate probation for conspiracy to illegally export U.S.-origin computers from the United States to Iran through the United Arab Emirates (UAE). Both Shih and his company were also sentenced to forfeiture in the amount of \$1.25 million, for which they are jointly liable. Shih and Sunrise pleaded guilty on October 7, 2011. Three related defendants have also pleaded guilty in the case. On February 16, 2012, Massoud Habibion and his Costa Mesa, Calif., company, Online Micro LLC, pleaded guilty in the District of Columbia to conspiracy to illegally export computers from the United States to Iran through the (UAE). Mohsen Motamedian, a co-owner of Online Micro, pleaded guilty to obstruction of justice. Under the terms of the plea and related civil settlements with BIS and OFAC, Habibion and his company agreed to forfeit \$1.9 million, while Motamedian separately agreed to a \$50,000 monetary penalty. On May 16, 2012, Habibion was sentenced to 13 months in prison, while Motamedian was sentenced to three years supervised release. On April 21, 2011, two separate indictments were returned in the District of Columbia charging Shih and Sunrise, as well as Habibion, Motamedian and Online Micro. The indictments alleged that each of the defendants sold millions worth of laptop computers to a company in Dubai, knowing full well that the computers were ultimately destined for Iran. According to court documents, Shih exported roughly \$700,000 worth of computers per month to Iran through Dubai, while Habibion and Motamedian exported roughly \$300,000 worth of computers per month to Iran through Dubai, by using fake invoices and other concealment techniques. The investigation was conducted by ICE, with assistance from the Department of Commerce and U.S. Customs and Border Protection.

- ***Radiation-Hardened Circuits to China*** – On December 18, 2013, Chinese citizen and former California Department of Transportation (Caltrans) engineer Philip Chaohui He was sentenced in the District of Colorado for exporting radiation-hardened integrated circuits from the United States to China, in violation of the Arms Export Control Act, 22 U.S.C. § 2778. He was sentenced to 36 months imprisonment followed by 3 years of supervised release. He pleaded guilty on September 3, 2013. According to documents filed in the case, He was arrested as he was attempting to deliver the circuits onto a Chinese ship at the Long Beach, California port. Upon a search of He's vehicle, agents located more than 300 space-qualified and radiation-hardened computer circuits concealed inside plastic infant formula containers. The circuits are used in satellite communications and had a total value of nearly \$550,000. He did not have a State Department license. A December 15, 2011 indictment charged He with conspiracy to violate the Arms Export Control Act (AECA) and to smuggle goods; attempted violation of AECA; and smuggling. According to the charges, He, the only employee of an Oakland company called Sierra Electronic Instruments, arranged for the purchase of more than 300 radiation-hardened circuits from Aeroflex, a Colorado manufacturer, in May 2011. He arranged for the purchase after a co-conspirator sent him wire transfers totaling nearly \$490,000 from a bank in China. He then provided false certification to Aeroflex that the items would remain in the United States. He received the first shipment of 112 circuits from Aeroflex in July 2011 and later traveled from Mexico to Shanghai in September. In October 2011, he received a second shipment of 200 circuits from Aeroflex. He drove to the Port of Long Beach in December 2011 and met with two men in front of a docked Chinese-flagged ship that was registered to a subsidiary of a China state-owned corporation. The ship had recently arrived from Shanghai and was scheduled to return on December 15, 2011. He had allegedly concealed the 200 circuits in infant formula containers within boxes labeled "milk powder" in the trunk of his vehicle. He was arrested on December 11, 2011 at the Port. This investigation was conducted by ICE and DCIS and Defense Security Service.
- ***Military-Grade Thermal Weapon Sight and Rifle Scopes to Eastern Europe*** – On February 1, 2012, Igor Bobel, of Brooklyn, N.Y., pleaded guilty in the Eastern District of Pennsylvania to one

count of smuggling and one count of attempting to illegally export defense articles. Bobel was charged with these violations via criminal information on December 22, 2011. Bobel attempted to export a thermal weapon sight and two rifle scopes -- which are classified as defense articles -- to an Eastern European nation on May 16, 2011, without the required export license from the State Department. Bobel was first arrested on a sealed criminal complaint on July 1, 2011. Bobel was ultimately sentenced on May 11, 2012 to 30 months in prison and three years supervised release. This investigation was conducted by ICE.

- ***Military Antennae to Hong Kong & Singapore*** – On January 20, 2012, Rudolf L. Cheung, the head of research and development at a company in Massachusetts that manufactures antennae, pleaded guilty in the District of Columbia to one count of conspiracy to violate the Arms Export Control Act in connection with the illegal export of 55 military antennae from the United States to Hong Kong and Singapore. Cheung was charged in a criminal information on December 2, 2011. According to court documents, Cheung's company received a query in 2006 from a firm in Singapore seeking two types of military antennae. After the Singapore firm refused to fill out the necessary end-user forms, the export compliance officer at Cheung's company stopped the transaction. Cheung then conspired with an associate at another U.S. company to bypass the export compliance officer at Cheung's company by having the associate purchase the antennae from Cheung's firm and then export them separately to Singapore without a State Department license. The conspiracy resulted in the illegal export, between July and September 2007 of 55 military antennae from the United States to the Hong Kong and Singapore addresses of a company called Corezing International. Corezing, based in Singapore, has been charged in a separate indictment for its role in this particular antennae transaction. Corezing has also been charged for its role in a separate conspiracy involving the illegal export of radio frequency modules from the U.S. to Iran, some of which later ended up in Improvised Explosive Devices in Iraq. This investigation was conducted by ICE, FBI and BIS
- ***Trade Secrets to U.S. Subsidiary of Chinese Company*** – On January 17, 2012, Yuan Li, a former research chemist with the global pharmaceutical company Sanofi-Aventis, pleaded guilty in the District of New Jersey to stealing Sanofi's trade secrets and making them available for sale through Abby Pharmatech, Inc., the U.S. subsidiary of a Chinese chemicals company. According to court documents, Li worked at Sanofi headquarters in Bridgewater, N.J., from August 2006 through June 2011, where she assisted in the development of several compounds (trade secrets) that Sanofi viewed as potential building blocks for future drugs. While employed at Sanofi, Li was a 50 percent partner in Abby, which sells and distributes pharmaceuticals. Li admitted that between October 2008 and June 2011, she accessed internal Sanofi databases and downloaded information on Sanofi compounds and transferred this information to her personal home computer. She also admitted that she made the stolen compounds available for sale on Abby's website. This investigation was conducted by the FBI.
- ***Dow Trade Secrets to China*** – On January 12, 2012, Wen Chyu Liu, aka David W. Liou, a former research scientist at Dow Chemical Company in Louisiana, was sentenced in the Middle District of Louisiana to 60 months in prison, two years supervised release, a \$25,000 fine and was ordered to forfeit \$600,000. Liu was convicted on February 7, 2011 of one count of conspiracy to commit trade secret theft for stealing trade secrets from Dow and selling them to companies in China, and he was also convicted of one count of perjury. According to the evidence presented in court, Liou came to the United States from China for graduate work. He began working for Dow in 1965 and retired in 1992. Dow is a leading producer of the elastomeric polymer, chlorinated polyethylene (CPE). Dow's Tyrin CPE is used in a number of applications worldwide, such as automotive and industrial hoses, electrical cable jackets and vinyl siding. While employed at Dow, Liou worked as a research scientist on various aspects of the development and manufacture

of Dow elastomers, including Tyrin CPE. The evidence at trial established that Liou conspired with at least four current and former employees of Dow's facilities in Plaquemine, Louisiana, and in Stade, Germany, who had worked in Tyrin CPE production, to misappropriate those trade secrets in an effort to develop and market CPE process design packages to Chinese companies. Liou traveled throughout China to market the stolen information, and he paid current and former Dow employees for Dow's CPE-related material and information. In one instance, Liou bribed a then-employee at the Plaquemine facility with \$50,000 in cash to provide Dow's process manual and other CPE-related information. The investigation was conducted by the FBI.

- ***Handguns to the United Kingdom*** – On January 10, 2012, Steven Neal Greenoe was sentenced in the Eastern District of North Carolina to serve 10 years in prison in connection with the illegal export of firearms from the United States to the United Kingdom, after pleading guilty on March 2, 2011. Greenoe was first charged by criminal complaint with Arms Export Control Act violations and other charges on July 26, 2010. A 50-count superseding indictment returned on February 2, 2011, alleged that Greenoe, and at least two other individuals he recruited obtained pistol purchase permits, completed the necessary ATF forms and purchased firearms. Greenoe then took the firearms apart and concealed them in his checked luggage. On nine occasions, from February 22, 2010, to July 25, 2010, he allegedly concealed a total of 63 pistols in his checked luggage and traveled from Raleigh, N.C., to the United Kingdom. In total, Greenoe smuggled at least 79 firearms to co-conspirators in the United Kingdom. According to court documents in the case, firearms purchased by Greenoe in the United States and illegally smuggled to the United Kingdom were used in a shooting in Manchester, England, in October 2010; as well as in the murder of Ian Langford, a father of four children, in Scotland on April 29, 2011; and in an attempted shooting of a cab driver near Liverpool. The investigation was conducted by ICE and ATF, with assistance from the Northwest Regional Organized Crime Unit from Liverpool.
- ***U.S. Technology to Pakistani Nuclear Facilities*** – On January 6, 2012, Nadeem Akhtar, a Pakistan citizen and U.S. lawful permanent resident, was sentenced in the District of Maryland to 37 months in prison followed by 2 years of supervised release. Previously, on September 9, 2011, Akhtar pleaded guilty to conspiring to commit export violations and to defraud the United States in connection with a scheme to illegally export nuclear-related materials to Pakistan. Akhtar, who owned a company called Computer Communication USA (CC-USA), was originally indicted on March 11, 2010. According to his plea agreement, from October 2005 through March 11, 2010, Akhtar and his conspirators used CC-USA to obtain or attempt to obtain radiation detection devices; resins for coolant water purification; calibration and switching equipment; attenuators; and surface refinishing abrasives for export to several restricted nuclear entities in Pakistan. Other items that Akhtar unlawfully procured or exported, or attempted to procure or export, to restricted entities in Pakistan include mechanical and electrical valves, cranes and scissor lifts. The total value of all of these items exceeded \$400,000. The restricted entities in Pakistan included: Pakistan's Space and Upper Atmosphere Research Commission; and the Pakistan Atomic Energy Commission (PAEC) and its subordinate entities, such as the Chasma Nuclear Power Plant I in Kundian, Pakistan, and the research reactor maintained by the Pakistan Institute of Engineering and Applied Sciences, a constituent institution of the PAEC in Nilare, Pakistan, specializing in nuclear-related research and development. Akhtar attempted to evade export regulations and licensing requirements by: undervaluing and falsely describing the items being exported; failing to reveal the true end-user by using third parties and/or real and fake business entities/locations in Pakistan, Dubai and the United States; using individuals in Illinois and California to procure items for him under false pretenses; shipping items to his residences in Maryland so it would appear as though his company was the actual purchaser/end-user of the items; and transshipping the items from the U.S. through the United Arab Emirates (UAE). Akhtar took direction from the owner of a trading company located in Karachi, Pakistan, who had

business relationships with governmental entities in Pakistan. This individual would obtain orders for nuclear-related and other commodities from Pakistani government entities identified above, and then direct Akhtar as to what commodities to purchase in the United States for export to Pakistan. Akhtar would then negotiate prices with manufacturers and suppliers of commodities sought in the U.S. and arrange for shipment of the commodities. Akhtar's co-conspirators included individuals in Pakistan, Dubai, UAE and New York associated with the owner of the Pakistani trading company. The owner usually paid Akhtar a commission of five to seven and a half percent of the cost of each item Akhtar obtained for export from the U.S. This investigation was conducted by BIS and FBI.

- ***Wire Fraud in Trade Secrets Case Involving China*** – On January 5, 2012, Yan Zhu, a Chinese citizen in the U.S. on a work visa, was sentenced in the District of New Jersey to 3 years of probation and a special assessment of \$700. Previously, on April 6, 2011, Zhu was convicted in the District of New Jersey on 7 counts of wire fraud in connection with his scheme to steal confidential and proprietary business information relating to computer systems and software with environmental applications from his New Jersey employer. He was acquitted on the charge of conspiracy to steal trade secrets and two counts of unauthorized transmission of trade secrets in interstate or foreign commerce. On April 10, 2009, Zhu was arrested on charges of theft of trade secrets, conspiracy, wire fraud, and theft of honest services fraud in connection with a plot to steal software from his former U.S. employer and sell a modified version to the Chinese government after he was fired. Zhu was employed as a senior environmental engineer from May of 2006 until his termination in July of 2008. Zhu worked for a comprehensive multi-media environmental information management portal that developed a proprietary software program for the Chinese market which allows users to manage air emissions, ambient water quality, and ground water quality. This investigation was conducted by the FBI
- ***Military Accelerometers to China*** – On January 4, 2012, Bulgarian authorities in Sofia, Bulgaria, arrested Bin Yang, aka “Raymond Yang,” a citizen and resident of China, pursuant to a U.S. provisional arrest warrant. A December 7, 2011 criminal complaint filed in the Southern District of California charged Yang with smuggling goods from the United States and attempted illegal export to China of defense articles -- specifically accelerometers used in aircraft, missiles, “smart” munitions and in measuring explosions. According to the complaint, Yang, operating out of Changsha Harsay Industry Co., Ltd. in Hunan, China, posted a request for Honeywell accelerometers in an online business-to-business forum in August 2010. An undercover federal agent responded to the request and agreed to supply the requested accelerometers. After nearly a year of negotiations, with no deal finalized, Yang allegedly asked for Endevco 7270-200K accelerometers, which are used for “smart” munitions, bunker-busting bombs and measuring ground motions caused by nuclear and chemical explosions, among other things. In August and October 2011, Yang allegedly caused two payments totaling \$4,875 to be sent to the undercover agent as a down payment for the accelerometers. According to the complaint, Yang subsequently agreed to meet with the undercover agent in Bulgaria so the undercover agent could hand deliver two Endevco accelerometers to him. After his arrest in Bulgaria, Yang was charged on January 13, 2012 in a five-count indictment returned in the Southern District of California. In May 2012, a Bulgarian court signed a final order of extradition and Yang was extradited to the United States to face charges against him. On May 21, 2012, Yang was arraigned in the Southern District of California. This investigation was conducted by ICE.
- ***Dow and Cargill Trade Secrets to China*** – On December 21, 2011, Kexue Huang, a Chinese national and former resident of Indiana, was sentenced to 87 months in and three years supervised release on charges of economic espionage to benefit a foreign university tied to the People's Republic of China (PRC) and theft of trade secrets. On October 18, 2011, Huang pleaded guilty

in the Southern District of Indiana to these charges. In July 2010, Huang was charged in the Southern District of Indiana with misappropriating and transporting trade secrets to the PRC while working as a research scientist at Dow AgroSciences LLC. On October 18, 2011, a separate indictment in the District of Minnesota charging Huang with stealing a trade secret from a second company, Cargill Inc., was unsealed. From January 2003 until February 2008, Huang was employed as a research scientist at Dow. In 2005, he became a research leader for Dow in strain development related to unique, proprietary organic insecticides marketed worldwide. Huang admitted that during his employment at Dow, he misappropriated several Dow trade secrets. According to plea documents, from 2007 to 2010, Huang transferred and delivered the stolen Dow trade secrets to individuals in Germany and the PRC. With the assistance of these individuals, Huang used the stolen materials to conduct unauthorized research to benefit foreign universities tied to the PRC. Huang also admitted that he pursued steps to develop and produce the misappropriated Dow trade secrets in the PRC. After Huang left Dow, he was hired in March 2008 by Cargill, an international producer and marketer of food, agricultural, financial and industrial products and services. Huang worked as a biotechnologist for Cargill until July 2009. Huang admitted that during his employment with Cargill, he stole one of the company's trade secrets – a key component in the manufacture of a new food product, which he later disseminated to another person, specifically a student at Hunan Normal University in the PRC. According to the plea agreement, the aggregated loss from Huang's conduct exceeds \$7 million but is less than \$20 million. This investigation was conducted by the FBI.

- ***Infrared Military Technology to South Korea*** – On December 20, 2011, EO System Company, Ltd, located in Inchon, South Korea, and defendants Seok Hwan Lee, Tae Young Kim and Won Seung Lee, all citizens and residents of South Korea, were indicted in the Northern District of Ohio on five counts of illegally exporting defense articles to South Korea. According to the indictment, on November 4, 2005, the defendants caused to be exported five infrared focal plane array detectors and infrared camera engines, which are classified as defense articles on the U.S. munitions list, from the United States to South Korea without the required State Department license. As part of the same investigation, on January 20, 2011, Kue Sang Chun, a former longtime employee at the NASA Glenn Research Center in Ohio and resident of Avon Lake, Ohio, pleaded guilty in the Northern District of Ohio to one count of violating the Arms Export Control Act and one count of filing false tax returns. Chun was sentenced on November 10, 2011 to 14 months in prison. Chun was charged in a criminal information on January 10, 2011. According to court documents, while working as an electrical engineer for NASA, Chun also operated a business out of his home through which he illegally exported U.S. munitions to the South Korea and performed consulting services for Korean businesses. Chun illegally exported several infrared focal plane array detectors and infrared camera engines to South Korea for use in Korean government projects between March 2000 and November 2005. Chun entered into a contract with a Korean company to design, build and test electronics to support the items he was exporting. On occasion, Chun used his NASA e-mail address to order sensitive items from U.S. manufacturers, falsely asserting that they would be used for NASA projects in the United States, when in fact, they were to be exported to South Korea. The investigation was conducted by the FBI and IRS.
- ***Trade Secrets to Foreign Government*** – On December 19, 2011, Elliot Doxer, of Brookline, Mass., was sentenced in the District of Massachusetts to 6 months in prison and 2 years supervised release. Previously, on August 30, 2011, Doxer pleaded guilty to one count of foreign economic espionage for providing trade secrets over an 18-month period to an undercover FBI agent posing as an Israeli intelligence officer. Neither the government of Israel nor anyone acting on its behalf committed any offense under U.S. laws in this case. Doxer was a former employee of Akamai Technologies, Inc., who in June 2006 sent an e-mail to the Israeli consulate in Boston

stating that he worked in Akamai's finance department and was willing to provide information that might help Israel. In September 2007, an undercover FBI agent posing as an Israeli intelligence officer spoke to Doxer and established a "dead drop" where the agent and Doxer could exchange information. From September 2007 through March 2009, Doxer visited the dead drop at least 62 times to leave information, retrieve communications or check for new communications. Doxer provided the undercover agent with Akamai customer lists, employee lists, contract information and other trade secrets. He was arrested on October 6, 2010 on a complaint charging him with wire fraud. That charge was dismissed as part of the plea agreement. The case was investigated by the FBI.

- ***Fighter Jet Engines to Iran*** – On December 16, 2011, defendants Amparo Echeverri and Carlos Alfredo Pantoja-Coral were both sentenced in the Southern District of Florida to 24 months in prison; 2 years supervised release and \$100 special assessment. On September 2, 2011, these two defendants pleaded guilty to one count apiece of conspiring with others to fraudulently attempt to export J-85 fighter jet engines from the United States to Iran. Their co-defendant Diego M. Echeverri pleaded guilty to the same charge on August 3, 2011 and was later sentenced on October 24, 2011 to 24 months in prison and two years supervised release. On March 22, 2011, Pantoja-Coral, Amparo Echeverri, Diego Echeverri and an additional family member, Felipe Echeverry, were charged in an indictment with conspiring to illegally export to Iran 22 J-85 jet engines, which are primarily used in the F-5 fighter jet aircraft. All the defendants except Felipe Echeverry were arrested. According to the indictment and a March 9, 2011 criminal complaint, undercover ICE agents responded to an ad on the Internet that was listing the engines for sale. In subsequent conversations, Felipe Echeverry allegedly told undercover agents he had 22 of the engines stored at a warehouse in Miami and allowed undercover agents to inspect the engines as part of a potential sale. Undercover agents indicated that they were purchasing the engines on behalf of customers in Iran. Ultimately, in March 2011, several of the defendants met with the ICE undercover agents to sign the sales document and accept a 50 percent down payment for the 22 engines. The defendants allegedly plotted to ship the items to Panama, knowing that they were ultimately bound for Iran. The investigation was conducted by ICE and DCIS.
- ***Laboratory and Radiation Detection Equipment to Iran*** – On December 15, 2011, Majid Saboni pleaded guilty in the Southern District of California to a one-count information charging him with conspiracy to export laboratory equipment, radiation detection equipment, and radon detection equipment from the United States to Iran in violation of the embargo on Iran. Saboni was first charged in a criminal complaint on October 14, 2011 and was later arrested on October 24, 2011. The information against him was filed on November 21, 2011. On May 11, 2012, Saboni was sentenced to 12 months and one day in prison. This investigation was conducted by ICE.
- ***Defense Items to the Philippines*** – On December 13, 2011, John Dennis Tan Ong was sentenced in the Northern District of Georgia to 21 months in prison for conspiracy to violate the Arms Export Control Act in connection with the illegal export of M-4 rifle parts and accessories. On May 5, 2011, Ong pleaded guilty to this violation. Ong was first indicted on August 17, 2010 on charges of conspiracy to violate and attempt to violate the Arms Export Control Act. According to court documents, Ong agreed to ship the rifle parts to the Philippines, wired funds to undercover agents in connection with items, and provided undercover agents with instructions on how to ship the items in manner to avoid detection. The investigation was conducted by ICE.
- ***Trade Secrets to India*** – On November 14, 2011, Prabhu Mohapatra was arrested on a criminal complaint in the District of Utah (filed on November 10, 2011) charging him with stealing proprietary information from his employer, a Utah scientific company, and providing it to a

relative in India who was starting up a competing company. According to the charges, Mohapatra worked as a senior scientist for Frontier Scientific, Inc., a company that makes large pure quantities of an organic chemical, 2,2'-dipyrrromethane, that has several applications, including as an ingredient in new drugs, as well as in solar cells and batteries. The complaint alleges that Mohapatra emailed proprietary information from Frontier Scientific about the chemical to his brother-in-law in India, who was setting up an unregistered, competing company called Medchemblox. The complaint further alleges that Mohapatra had a financial interest in Medchemblox. This investigation was conducted by FBI.

- ***Assault Rifles to Mexico*** – On November 8, 2011, Juan Antonio Villatoro was sentenced in the Southern District of Texas to 36 months in prison for obtaining more than \$38,000 in one day to purchase firearms to be smuggled into Mexico and for recruiting various “straw purchasers” of firearms. His two co-defendants, Miguel Ramos-Ramos and Rafael Garza-Martinez, were each sentenced one the same day in the Southern District of Texas to 12 months and one day in prison for their roles in a conspiracy to smuggle four AR-15 assault rifles to Mexico. All three defendants pleaded guilty to federal charges on August 15, 2010. The investigation was conducted by the ATF, ICE and CBP.
- ***Stolen U.S. Military Night Vision & Optics to China and England*** – On November 4, 2011, Phillip Andro Jamison, a former Gunner’s Mate Petty Officer First Class in the U.S. Navy stationed aboard Naval Amphibious Base Coronado, was sentenced to serve 30 months in prison for violating the Arms Export Control Act. Jamison pleaded guilty on April 28, 2011. On September 9, 2010, he was indicted for trafficking in stolen government property, interstate transportation of stolen goods and exporting defense articles without a license. The indictment alleged that Jamison, while assigned to work at his unit’s armory, stole more than 280 items from the U.S. Navy between October 2008 and September 2009 and then sold these items to customers via eBay, an Internet auction and shopping website. The indictment further alleged that Jameson illegally exported to Hong Kong and England combat-grade night vision devices, riflescopes and laser aiming devices without first obtaining the required export licenses from the State Department. Jamison admitted stealing the items and illegally exporting some of the technology to Hong Kong. The investigation was conducted by ICE and NCIS.
- ***Radiation-Hardened Defense and Aerospace Technology to China*** – On October 27, 2011, Lian Yang, a resident of Woodinville, Washington, was sentenced in the Western District of Washington to 18 months in prison and a \$10,000 fine. On March 24, 2011, Yang pleaded guilty to conspiring to violate the Arms Export Control Act by trying to sell radiation hardened military and aerospace technology to China. Yang was arrested on December 3, 2010, pursuant to a criminal complaint filed charging him with conspiracy to violate the Arms Export Control Act. According to the complaint, Yang attempted to purchase and export from the United States to China 300 radiation-hardened, programmable semiconductor devices that are used in satellites and are also classified as defense articles under the U.S. Munitions List. The complaint alleges that Yang contemplated creating a shell company in the United States that would appear to be purchasing the parts, concealing the fact that the parts were to be shipped to China. Yang allegedly planned that false purchasing orders would be created indicating that parts that could be legally exported were being purchased, not restricted parts. Yang and his co-conspirators allegedly wire-transferred \$60,000 to undercover agents as partial payment for a sample of five devices. As part of the conspiracy, Yang allegedly negotiated a payment schedule with the undercover agents for the purchase and delivery of the remaining 300 devices in exchange for a total of \$620,000. This investigation was conducted by the FBI, ICE and CBP.

- ***Military Night Vision Scopes to Russia*** – On October 24, 2011, Anna Fermanova was sentenced in the Eastern District of New York to four months in prison, three years supervised release and a \$1,000 fine. Fermanova pleaded guilty on January 14, 2011 to one count of violating the Arms Export Control Act. In March 2010, U.S. Customs and Border Protection officers searched Fermanova's checked luggage in New York as she was preparing to board a flight to Moscow and identified three night vision items they suspected of being export controlled. ICE agents detained the items and permitted Fermanova to board her flight to Moscow. ICE agents later determined that the items consisted of a Raptor night vision weapon sight and two advanced rifle sights, which are designated as defense articles. On July 15, 2010, Fermanova was arrested (pursuant to a July 9, 2010 complaint) at JFK upon her return from Russia and she was charged with attempting to export the military night vision scopes. This investigation was conducted by ICE.
- ***Radiation-Hardened Aerospace Technology to China*** – On September 30, 2011, defendants Hong Wei Xian, aka “Harry Zan,” and Li Li, aka “Lea Li,” were sentenced in the Eastern District of Virginia to 24 months in prison for conspiracy to violate the Arms Export Control Act and conspiracy to smuggle goods unlawfully from the United States, in connection with their efforts to export to China radiation-hardened microchips that are used in satellite systems and are classified as defense articles. Both defendants pleaded guilty to the charges on June 1, 2011. The defendants were arrested on September 1, 2010 in Budapest by Hungarian authorities pursuant to a U.S. provisional arrest warrant. On April 4, 2011, they made their initial court appearances in federal court in the Eastern District of Virginia after being extradited from Hungary. According to court documents, Zan and Li operated a company in China called Beijing Starcreates Space Science and Technology Development Company Limited. This firm was allegedly in the business of selling technology to China Aerospace and Technology Corporation, a Chinese government-controlled entity involved in the production and design of missile systems and launch vehicles. According to court documents, from April 2009 to September 1, 2010, the defendants contacted a Virginia company seeking to purchase and export thousands of Programmable Read-Only Microchips (PROMs). The defendants ultimately attempted to purchase 40 PROMs from the Virginia firm and indicated to undercover agents that the PROMs were intended for China Aerospace and Technology Corporation. The investigation was conducted by ICE and DCIS.
- ***Military Flight Simulation Technology to Iran*** – On September 26, 2011, Chan Hok Shek was sentenced in the District of Massachusetts to 3 ½ years in prison for conspiring to obtain components for C-130 military flight simulators from the United States for delivery to Iran. On March 25, 2010, an indictment was unsealed in federal court charging Shek and two Malaysian nationals, Wong Fook Loy and Ngo Tek Chai, with conspiring to and attempting to illegally export munitions without the required licenses. According to the October 2008 indictment, Shek, a Hong Kong citizen, conspired with Loy and Chai, and others to cause the export of 10 indicators servo tachometers used in C-130 military flight simulators from the United States for use in Iran. Shek was extradited from Hong Kong to face the charges against him in Boston. The case was investigated by ICE, BIS, and DCIS.
- ***Outsourced Manufacture of Military Items to China*** – On September 13, 2011, Staff Gasket Manufacturing Corporation, a defense contracting company in New Jersey, was sentenced in the District of New Jersey to five years probation and ordered to pay \$751,091 in restitution and an \$800 special assessment. Eric Helf, Staff Gasket’s president was sentenced to three years probation, a \$500 fine and a final order of forfeiture was entered for \$49,926. On April 19, 2011, Staff Gasket pleaded guilty to Arms Export Control Act and wire fraud violations, while Helf pleaded guilty to one count of wire fraud. From August 2004 to March 2006, Staff Gasket entered into contracts with the Department of Defense to provide replacement parts for use in

military operations. Many of the parts to be supplied were critical application items and were thus required to be manufactured in the United States. Nonetheless, Staff Gasket contracted with foreign manufacturers, including in China, and many of the parts ultimately supplied to the Defense Department, including lock pins for helicopters, were made overseas, substandard, and failed in the field. As a result, Staff Gasket caused the Defense Department to sustain losses of some \$751,091 in connection with the fraudulent contracts. This investigation was conducted by DCIS and ICE.

- ***F-5 Fighter Jet and Other Military Items to Iran*** – On September 12, 2011, Marc Knapp, of Simi Valley, California, was sentenced in the District of Delaware to 46 months in prison for plotting to illegally export fighter jet components and other materials to Iran. Knapp pleaded guilty on January 13, 2011, to a two-count information charging him with violating the Arms Export Control Act and the International Emergency Economic Powers Act. The information, filed on November 22, 2010, charged that Knapp engaged in a seven-month course of criminal conduct involving illegal exports to Hungary and attempted exports to Iran during negotiations with undercover agents posing as Iranian purchasers. Among other things, Knapp attempted to export a complete F-5 Tiger II fighter jet, as well as F-14 flight ejection seats, anti-gravity flight suits, search and rescue beacons and emergency manuals for U.S. fighter jets. On two occasions, Knapp illegally exported items, including anti-gravity flight suits, to Hungary believing they were destined for Iran. The investigation was conducted by ICE and DCIS.
- ***Assault Rifles to Mexico*** -- On August 30, 2011, Daniel Bustamante, of Laredo, Texas, was sentenced in the Southern District of Texas to 90 months in prison for attempting to smuggle 16 firearms, including AR-15 and AK-47 assault rifles, to Mexico in violation of the Arms Export Control Act. Bustamante has been in custody since his January 2011 arrest. Bustamante pleaded guilty to attempting to export a firearm from the United States into Mexico on June 15, 2011. The investigation was conducted by the ATF.
- ***Assault Rifles to Mexico*** – On August 26, 2011, Christian Romero was sentenced in the District of Nevada to three years in prison and three years of supervised release for his guilty plea to two counts of illegal acquisition of a firearm. Romero, his brother, Marcos Romero, their father, Abel Romero, all Mexican nationals who were residing in Las Vegas unlawfully, and a fourth man, Arnold Gutierrez, of Las Vegas, were charged in August 2010 with illegally obtaining assault rifles from federally licensed firearms dealers in Las Vegas. A number of the assault rifles were recovered in the summer of 2010 at a compound in Nuevo Leon, Mexico, which was used by a criminal organization involved in narcotics trafficking. Marcos and Abel Romero, and Gutierrez, also pleaded guilty to illegally acquiring firearms and were sentenced in July to 40 months, 46 months, and 15 months in prison, respectively. The case was investigated by ATF.
- ***Military Night Vision Overseas*** -- On August 24, 2011, in the District of Maryland, Connor Kraegel was sentenced to 8 months imprisonment and three years supervised release. On July 8, 2011, Kraegel plead guilty to one count of unlawful export of a defense article. According to documents filed in the case, Kraegel sold and exported a set of Aviator's Night Vision Imaging System (AN/AVS-6) goggles to a conspirator located outside the United States without first having obtained a license from the U.S. Department of State, Directorate of Defense Trade Controls. This case was investigated by ICE.
- ***Fighter Jet Parts to Singapore*** – On August 22, 2011, Russell Marshall were sentenced in the Southern District of Florida to three years probation, while his Boynton Beach, Fla., company, Universal Industries Limited, Inc., was sentenced to one year probation and a \$1,000 fine in

connection with an effort to illegally export J-85 engine blades for F-5 fighter jets to Singapore. Both defendants pleaded guilty on June 3, 2011. On April 21, 2011, a criminal information was filed charging Marshall and Universal Industries Limited, Inc., with making false statements and violating the Arms Export Control Act. According to court documents, Marshall illegally attempted to export 200 J-85 engine blades for F-5 fighter jets to Singapore. Marshall allegedly failed to obtain the required State Department license for such exports and recorded the value of the parts as \$2,000 in invoices, when in fact the shipment of military parts was valued at more than \$105,000. This investigation was conducted by ICE.

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- ***Automatic Rifles and Plastic Explosives to the FARC*** – On August 5, 2011, Hector Antonio Guillen-Martinez of El Salvador, was sentenced in the Eastern District of Virginia to 31 years in prison after pleading guilty on May 11, 2011 to one count of attempting to provide material support to the Revolutionary Armed Forces of Colombia (FARC), a designated terrorist organization, and one count of carrying an explosive during a commission of a crime. On February 24, 2011, Guillen-Martinez was indicted on charges of attempting to provide material support to the FARC, carrying an explosive during the commission of a felony, transferring explosive materials knowing that they will be used to commit a crime of violence, carrying a destructive device in relation to a crime of violence, and a drug violation. Guillen-Martinez sold several automatic rifles, more than 20 pounds of plastic explosives, and other explosives to an individual whom he believed to be a member of the FARC. Guillen-Martinez believed that these weapons and explosives were to be used by the FARC in Colombia to eradicate Americans from Colombia, dead or alive. Guillen-Martinez was apprehended in the Eastern District of Virginia when he traveled to the District in order to transfer a load of 20 kilograms of cocaine to New York City on behalf of the FARC. This case was investigated by the DEA.
- ***Holographic Weapons Sights and Firearms Parts to China and Japan*** – On August 3, 2011, Andrew Vincent O'Donnell, of Georgia, was sentenced in the Northern District of Georgia to 37 months in prison and three years supervised release for conspiracy to violate and violating the Arms Export Control Act and possessing short barrel rifles. O'Donnell operated an eBay online store called "LRA Tactical Gear" through which he sold various weapons parts and accessories, including military holographic weapons sights and gun parts. O'Donnell sold more than 50 export-controlled military holographic weapons sights to a customer in Hong Kong without the required export license, falsely labeling the shipments as toys. He also sold gun parts used to assemble an AR15 / M16 / M4 rifle to a customer in Japan after routing the parts through a third country to conceal the illegal nature of the exports. This investigation was conducted by ICE.
- ***Ammunition to Mexico*** – On August 3, 2011, Cristhian Gallegos-Arizmendi was sentenced in the District of Arizona to 10 months in prison and 3 years supervised release after pleading guilty on May 2, 2011 in connection with the attempted export of ammunition to Mexico. Co-defendant Alejandro Ruiz Escalante was sentenced on June 17, 2011 to 12 months in prison and 3 years supervised release, after pleading guilty on May 31, 2011. Another co-defendant, Jesus Francisco Lopez, was convicted on April 21, 2011 in the District of Arizona of attempted unlawful export of ammunition and sentenced to 63 months in prison on July 20, 2011. In December 2010, Lopez helped Gallegos-Arizmendi and Ruiz Escalante load 9,000 rounds of ammunition into a van from his home in Tucson. Gallegos-Arizmendi and Ruiz Escalante were later arrested as they drove the ammunition to Mexico. A subsequent search of Lopez' house revealed more than 19,000 rounds of ammunition which was to be picked up and taken to Mexico

the following day. This investigation was conducted by ICE, ATF, CBP and the Arizona Department of Public Safety.

- ***Export / Import of Unmanned Aerial Vehicle*** – On July 28, 2011 in the Middle District of Florida, Henson Chua, a citizen of the Philippines, pleaded guilty to one count of causing the temporary import of a defense article, specifically, an unmanned aerial vehicle (UAV), without authorization, in violation of the Arms Export Control Act. He was sentenced on November 8, 2011 to time served. Hua was first charged on February 10, 2011, by criminal complaint with illegally conspiring to temporarily import into the U.S. and then to export a defense article. According to court documents, ICE agents were contacted by the U.S. military in May 2010 about a “Raven” UAV that was posted for sale on eBay.com. The Raven is a U.S.-made UAV manufactured by AeroVironment Inc. for the U.S. Army. Chua was attempting to sell the UAV for \$13,000 on eBay. Undercover ICE agents posing as buyers were able to identify the UAV and confirm that it was U.S. government property. Agents purchased the nose cone for the UAV from Chua and then later arrested Chua on February 10, 2011 after he arrived at the Los Angeles airport. He was later indicted on March 10, 2011, on charges of smuggling and Arms Export Control Act violations. The investigation was conducted by ICE.
- ***Assault Rifles to Mexico*** – On July 27, 2011, eight members of a ring convicted of lying to buy firearms bound for Mexico were sentenced in the Southern District of Texas to prison terms ranging from 30 to 60 months. U.S. District Judge Randy Crane sentenced Juan Manuel Barrientos-Lopez, 29, an undocumented alien from Mexico; Andres Alvarez, 24, of Alamo, Texas; Armando Bravo II, aka Peanut, 22, Romulo Longoria, 21, Greg Palacios, 19, and Ruben Ramirez III, 20, all of San Juan, Texas; as well as Alan Ramirez, 20, and Michael Anthony Salazar, 20, both of McAllen, to varying prison terms for their roles in a straw purchasing scheme to acquire firearms bound for Mexico. All eight men pleaded guilty on various dates in March and April 2011 to lying on the ATF Form 4473 when they falsely represented themselves to be the “actual owner” of varying types of semi-automatic weapons they were buying for another earlier this year. Judge Crane held Barrientos-Lopez, as the organization’s head, responsible for the purchase of a total of 38 AK-47 and AR-15 type rifles purchased by the ring and sentenced him to 60 months in federal prison, the maximum sentence allowed by law. Alvarez was sentenced to 48 months imprisonment, while Bravo received 60 months. Longoria, Palacios, Alan Ramirez and Salazar were each sentenced to 30 months while Ruben Ramirez was sentenced to 33 months. This investigation was conducted by the ATF.
- ***Ammunition to Mexico*** – On July 13, 2011, Rene Huerta Jr., was sentenced in the Southern District of Texas to more than 11 years in prison (136 months) for being a felon in possession of ammunition and attempting to export ammunition to Mexico. On November 24, 2010, Huerta was stopped by U.S. border officials as he was traveling from the United States to Matamoros, Mexico with more than 6,000 rounds of 7.62 x 39 mm ammunition in a dashboard compartment in his vehicle. This caliber ammunition is used in assault rifles. Huerta was convicted on April 13, 2011. The investigation was conducted by ICE and CBP.
- ***Machine Gun Specifications and Components to China*** – On July 12, 2011, Swiss Technology (Swiss Tech), Inc., a company in Clifton, N.J. that makes equipment for the U.S. military, pleaded guilty in the District of New Jersey to a one count criminal information charging the firm with conspiracy to violate the Arms Export Control Act from August 2004 to about July 2009. On November 15, 2011, Swiss Tech was sentenced to two years probation and ordered to pay restitution in the amount of \$1.1 million to the Defense Department in connection with fraudulent contracts. Swiss Tech was under contract with the Department of Defense to manufacture

components for the M249 machine gun. In order to lower its manufacturing costs, Swiss Tech sent defense articles, including specification drawings and parts samples, to a company in the People's Republic of China so that the Chinese company could make these machine gun components for Swiss Tech. Swiss Tech did not have the required State Department license for exports of these munitions to China. After receiving the components from the Chinese company, Swiss Tech then shipped the defense articles and other parts to the Department of Defense, purporting that the defense articles were made by Swiss Tech in conformance with its contract. Among other things, Swiss Tech illegally exported to China specifications for the production of M249 machine gun parts, as well as components for the M249 machine gun, and M16 or M4 rifle. This investigation was conducted by DCIS and ICE.

- ***Firearms to Nigeria*** – On July 11, 2011, Boniface Ibe was sentenced in the District of Maryland to five months in prison followed by 10 months of supervised release for illegally exporting shotguns, a handgun and ammunition to Nigeria without a license, and for delivering a firearm to a common carrier without notice. Ibe attempted to export these items to Nigeria concealed in a vehicle that was in a shipping container. The container and weapons were intercepted at the Port of Baltimore on September 22, 2010. The investigation was conducted by ICE, CBP, and ATF.
- ***Vacuum Pumps With Potential Sensitive Applications to Iran*** -- On July 6, 2011, in the Central District of California, Jirair Avanesian, of Glendale, California, was sentenced to serve 18 months in prison in connection with his role in a conspiracy to violate International Emergency Economic Powers Act and the Iranian trade embargo, including smuggling, money laundering and other crimes. Avanesian also must pay a \$10,000 fine and forfeit the proceeds of his criminal activity. Avanesian was indicted on December 30, 2009 and arrested in January 2010. He pled guilty in July 2010. Another individual involved in the conspiracy, Amirhossein Sairafi, of Iran, was arrested in January 2010 in Frankfurt, Germany by German law enforcement authorities based on a provisional arrest warrant from the United States. Sairafi was later extradited to the United States in September 2010, pled guilty on November 30, 2010, and was sentenced to 41 months in March of this year in connection with the scheme. Sairafi was first charged in a January 4, 2010 criminal complaint. Avanesian, who was born in Iran, is the owner and operator of XVAC, a company located in California. Avanesian corresponded with Sairafi and another individual in Iran, Farhad Masoumian, via e-mail over several years to arrange the export of high-dollar vacuum pumps and pump-related equipment to Iran through a free trade zone located in the United Arab Emirates. The vacuum pumps and related equipment at issue have a number of applications, including in the enrichment of uranium. Avanesian purchased and arranged to ship the goods ordered by Masoumian to the United Arab Emirates, making it appear that the U.A.E. was the ultimate destination. Sairafi would then send the same goods from the location in the U.A.E. to Iran. As part of the conspiracy, Masoumian, Avanesian and Sairafi re-labeled and undervalued the contents of the shipments in order to mask the true contents and to avoid interception by U.S. officials. In most cases, Avanesian prepared air waybills indicating his shipments contained "spare parts" and that no shipper's export declaration was needed. Between December 2007 and November 2008, there were at least seven shipments containing vacuum pump equipment purchased and exported by Avanesian at Masoumian's request. The investigation continues as Masoumian remains at large and is believed to be in Iran. This case was the product of an investigation by the Export and Anti-proliferation Global Law Enforcement (EAGLE) Task Force in the Central District of California, which includes the FBI, ICE, BIS, CBP, Diplomatic Security Service and the Transportation Security Administration.
- ***Firearms to Mexico*** – On July 1, 2011, Avaro Hernan Ramirez was sentenced to 41 months in prison, followed by three years supervised release, for conspiracy to possess a machine gun and making a false statement in a passport application. On May 17, 2011, Aurelio Vargas, Jr. was

sentenced in the Northern District of Georgia to 8 years in prison followed by 3 years of supervised release for conspiracy to possess a machine gun and other violations. Ramirez and Vargas were allegedly attempting to purchase seven to ten firearms, including a machine gun, to transport to Mexico. Both were arrested on August 18, 2010, after they purchased six guns, including a machine gun, from an undercover agent. Vargas pleaded guilty on December 10, 2010. The case was investigated by ATF and ICE.

- Military Aircraft Components to Iran*** – On June 23, 2011, federal prosecutors in the Middle District of Georgia announced charges against 12 defendants (seven individuals and five corporate entities) based in the U.S., France, the United Arab Emirates and Iran for their alleged roles in a conspiracy to illegally export military components for F-4 and F-5 fighter jets and AH-1 and UH-1 Huey attack helicopters from the United States to Iran. Prosecutors unsealed a June 16, 2011 superseding indictment charging the eight foreign defendants with conspiring to violate and violating the Arms Export Control Act and the International Emergency Economic Powers Act, as well as conspiracy to defraud the United States, money laundering and false statement violations. Charges against four other defendants, who are based in the United States and have pleaded guilty in the case, were contained in the original indictment filed in 2010. The U.S.-based defendants are The Parts Guys LLC, and its president, Michael Edward Todd, as well as Galaxy Aviation Services and its president, Hamid Seifi, also known as Hank Seifi. Todd and his company pleaded guilty to conspiracy to violate the AECA on May 9, 2011. Todd was later sentenced on October 26, 2011 to 46 months in prison, a \$10,000 fine and ordered to forfeit \$160,362. Seifi and his company pleaded guilty on February 24, 2011, to conspiracy to violate the AECA and violating the IEEPA. On June 22, 2011, Seifi was sentenced to 56 months in prison followed by three years of supervised release, a fine of \$12,500 and forfeiture of \$153,950, while Galaxy Aviation, which is now defunct, received a \$400 special assessment. Three defendants based in France have also been indicted as part of the investigation. They are Aerotechnic, a company in Pinsaguel, France, and its president, Philippe Sanchez, as well as Luc Teuly, the sales manager of Aerotechnic. Each of these defendants remains a fugitive. Two defendants based in the U.A.E. have also been indicted in the case. They are Aletra General Trading, a company in Dubai doing business as “Erman & Sultan Trading Co,” and Syed Amir Ahmed Najfi, a purchaser for Aletra. Najfi remains a fugitive. Three defendants based in Iran have also been charged in the case. They are Sabanican Company, a company in Tehran, and its president, Hassan Seifi as well as Reza Seifi, the managing director of Sabanican Company. Each of these defendants remains at large. As part of the U.S. government’s coordinated action against this procurement network, the Commerce Department announced on June 23, 2011 that it would add the eight defendants in France, Iran and the U.A.E. to its “Entity List.” The investigation was conducted by ICE, FBI, and BIS.
- Centrifuge and Dual-Use Scientific Technology to Iran*** – On June 3, 2011, Mohammad Reza Vaghari was sentenced in the Eastern District of Pennsylvania to 33 months in prison for his participation in illegal business transactions with Iran between 2002 and 2005 involving scientific research equipment and computer software. Vaghari was convicted on February 24, 2011 of one count of conspiracy to violate the International Emergency Economic Powers Act (IEEPA); two substantive counts of violating IEEPA; and one count of naturalization fraud stemming from his attempt to procure U.S. citizenship. Vaghari’s co-conspirator, Mir Hossein Ghaemi, pleaded guilty on November 30, 2010. Vaghari operated in the U.S. through a Pennsylvania corporation called Saamen Company, purchasing items from American companies and illegally exporting them to Iran through the United Arab Emirates. Among the items Vaghari caused to be delivered or attempted to deliver to Iran were a centrifuge, computers, fuel cell systems, ultrasonic liquid processors, ultrasound machines, and other laboratory equipment. Among the recipients of some of these goods was the Pasteur Institute of Iran, which has been listed as an entity of concern for

biological and chemical weapons development by several foreign governments. Agents unraveled Vaghari's efforts in 2005 after receiving a complaint from a vendor at Beckman-Coulter, a nationwide manufacturer of medical equipment, asserting that Vaghari was attempting to purchase a \$100,000 centrifuge from the company, which weighed some 1,000 pounds, for delivery to his apartment and that Vaghari was seeking to pay in cash and did not request a warranty or installation. The investigation was conducted by FBI, BIS, and ICE.

- ***Machine Guns and Grenades to Mexico*** -- On May 26, 2011, Guadalupe Salazar-Tovar was sentenced in the Southern District of Texas to 46 months in prison for attempting to smuggle 20 grenades and 8 fully-automatic machine guns in to Mexico in violation of the Arms Export Control Act. Salazar-Tovar was arrested along with Eliu Rivera-Mendez on December 7, 2010 after they attempted to purchase these items from undercover ATF agents for individuals in Mexico. Rivera-Mendez has also pleaded guilty. The investigation was conducted by ATF and ICE.
- ***Anti-Aircraft Missiles and Machine Guns to Syria*** – On May 20, 2011, Dani Nemr Tarraf pleaded guilty in the Eastern District of Pennsylvania. On September 16, 2010, Hussein Ali Asfour also pleaded guilty. Previously, on November 24, 2009, a grand jury returned an indictment charging Dani Nemr Tarraf and Douri Nemr Tarraf, with conspiring to illegally export anti-aircraft missiles (FIM-92 Stingers) machine guns (approximately 10,000 Colt M4 Carbines), as well as M72 Light anti-armor weapons, Glock pistols, as well night vision equipment, from Philadelphia to the Port of Latakia, Syria. In addition, these two defendants and Hassan Mohamad Komeiha, and Hussein Ali Asfour — were charged with conspiring to transport stolen goods. Dani Nemr Tarraf and Ali Fadel Yahfoufi were also charged with conspiring to commit passport fraud. According to a criminal complaint filed in the case, in or about mid-June 2009, Dani Tarraf asked whether an undercover law enforcement official (UC) could supply guided missiles and told the UC that he (Tarraf) wanted the UC to export approximately 10,000 “commando” machine guns [Colt M4 Carbines with short barrels] from the United States. On or about July 28, 2009, in Philadelphia, Tarraf paid the UC a deposit of approximately \$20,000 toward the cost of purchasing FIM-92 Stinger missiles and approximately 10,000 Colt M4 Carbines and shipping these items outside the United States to the Port of Latakia, Syria. Dani Tarraf was arrested on November 21, 2009. The investigation was conducted by the FBI's Joint Terrorism Task Force, ICE, IRS, Secret Service, DCIS, ATF, and other law enforcement agencies.
- ***U.S. Aircraft Components to Iran*** – On May 17, 2011, a grand jury in the Southern District of California returned a superseding indictment charging Belgian citizens Willy A.E. De Greef and Frederic Depelchin, as well as their Belgium-based companies, Meca Airways LTD and Meca Overseas Airways LTD, with 15 felony counts arising from the smuggling of helicopter and fixed-wing aircraft components from the United States to Iran. De Greef was also charged with two counts of making false statements to the U.S. government concerning the smuggling ring. DeGreef was arrested in the United Kingdom pursuant to a March 18, 2011 prior indictment in the Southern District of California charging he and his co-defendants with fraudulently procuring millions of dollars worth of helicopter and airplane components from U.S. suppliers by indicating to the suppliers that the destination of the parts was Belgium or another non-prohibited location. After the parts were exported from the United States to Belgium, De Greef and Depelchin allegedly promptly transshipped them to Iran, typically via France, the indictment alleges. This investigation was conducted by ICE and DCIS.

- ***Military Technical Data to South Korea*** – On May 16, 2011, Young Su Kim, a former Vice President at Rocky Mountain Instrument Company (RMI), based in Colorado, pleaded guilty in the District of Colorado to violating the Arms Export Control Act. Kim was first charged on April 21, 2011. Kim caused the illegal export to South Korea of technical data related to prisms that are useful in guidance or targeting systems in Unmanned Aerial Vehicles, AC-130 gunships, tanks and missile systems. On August 17, 2011, Kim was sentenced to five years probation and ordered to pay a \$36,000 civil forfeiture judgment. RMI, the company, pleaded guilty on June 22, 2010, to one count of violating the Arms Export Control Act and was immediately sentenced to five years probation and ordered to forfeit \$1 million. The case was investigated by ICE and DCIS.
- ***Assault Rifles and Ammunition to Mexico*** – On May 13, 2011, Juan Saucedo was sentenced in the Southern District of Texas to 40 months in prison for conspiring to export weapons to Mexico. Saucedo was arrested on November 23, 2010 after U.S. border officials found 10 semi-automatic firearms and large quantities of ammunition in his car as he was attempting to cross the border to Mexico. The investigation was conducted by ICE and ATF.
- ***Machine Guns and Grenades to Mexico*** – On April 22, 2011, Hector Rolando Enriquez was sentenced in the Southern District of Texas to 55 months in prison. His co-defendant, Guillermo Enriquez-Rodriguez was sentenced on April 19, 2011 to 57 months in prison, and a third defendant, Rubisel Valdez-Mar, was sentenced on April 20, 2011 to 68 months in prison. All were sentenced for attempting to smuggle four machine guns and 30 grenades to Mexico. The investigation was conducted by ATF, ICE and Border Patrol.
- ***Munitions to Mexico*** – On April 14, 2011, Sergio Perez-Contreras was sentenced in the Southern District of Texas to 37 months in prison, while his co-defendant, Jose Jesus Miramontes-Duarte, was sentenced to 30 months in prison for their roles in attempting to export munitions to Mexico without a license. Both defendants were arrested on March 5, 2009 and later pleaded guilty to exporting munitions without a license in June 2010. The defendants were involved in an effort to illegally export 5,000 small pistol primers, 1,400 large pistol primers, 1,100 assorted calibers of rifle bullets, 19 pounds of smokeless powder and two rifle barrel blanks – enough materials to manufacture roughly 7,500 rounds of ammunition. The investigation was conducted by ICE.
- ***Ford Motor Company Trade Secrets to China*** – On April 13, 2011, Xiang Dong Yu, aka Mike Yu, was sentenced in the Eastern District of Michigan to 70 months in prison. Previously, on November 17, 2010, Dong, a product engineer with Ford Motor Company pleaded guilty in the Eastern District of Michigan to 2 counts of theft of trade secrets. According to the plea agreement, Yu was a Product Engineer for Ford from 1997 to 2007 and had access to Ford trade secrets, including Ford design documents. In December 2006, Yu accepted a job at the China branch of a U.S. company. On the eve of his departure from Ford and before he told Ford of his new job, Yu copied some 4,000 Ford documents onto an external hard drive, including sensitive Ford design documents. Ford spent millions of dollars and decades on research, development, and testing to develop and improve the design specifications set forth in these documents. On December 20, 2006, Yu traveled to the location of his new employer in Shenzhen, China, taking the Ford trade secrets with him. On January 2, 2007, Yu emailed his Ford supervisor from China and informed him that he was leaving Ford's employ. In November 2008, Yu began working for Beijing Automotive Company, a direct competitor of Ford. On October 19, 2009, Yu returned to the U.S. Upon his arrival, he was arrested. At that time, Yu had in his possession his Beijing Automotive Company laptop computer. During an examination of that computer, the FBI discovered that 41 Ford system design specifications documents had been copied to the

defendant's Beijing Automotive Company work computer. The FBI also discovered that each of those design documents had been accessed by Yu during the time of his employment with Beijing Automotive Company. This case was investigated by the FBI.

- ***Military Night Vision Technology to China, Singapore & U.K.*** – On March 27, 2007, ITT Corporation pleaded guilty in the Western District of Virginia to two criminal counts of violating the Arms Export Control act stemming from its illegal exports of restricted military night vision data to China, Singapore, and the United Kingdom and omission of statements of material fact in required arms exports reports. As part of the plea agreement, ITT Corporation agreed to invest \$50 million toward the development of the most advanced night vision systems in the world for the U.S. Armed Forces. On April 12, 2011, the Justice Department announced that a government motion to dismiss the remaining deferred criminal charge against ITT Corporation, the leading manufacturer of military night vision equipment for the U.S. Armed Forces, was granted by the court. The Justice Department agreed to dismiss the remaining criminal charge against ITT Corporation after ITT Corporation implemented an extensive remedial plan overseen by an independent monitor to prevent future Arms Export Control Act violations. ITT Corporation and the Justice Department will continue to work together to utilize resources set aside by the deferred prosecution agreement to further the development and fielding of the most advanced night vision technology. This investigation was conducted by DCIS and ICE.
- ***Firearms Components to the United Kingdom*** – On March 28, 2011, defendants Charles Shearon, Elmer Hill, Michael Curlett and Arnold See, Jr., pleaded guilty in the Middle District of Tennessee to conspiracy and violations of the Arms Export Control Act. On February 8, 2011, a grand jury an indictment charging these defendants, another individual and a Nashville, Tenn., arms manufacturer with conspiracy to violate the Arms Export Control Act and other offenses in connection with the illegal export and import of firearms and firearms components. The indictment charged Guy Savage, of the United Kingdom, Sabre Defence Industries, LLC, a Nashville-based arms manufacturing company owned by Savage, as well as four officers of Sabre: Charles Shearon, Elmer Hill, Michael Curlett, and Arnold See, Jr. The indictment alleged that the defendants conspired to cause firearm components on the U.S. Munitions List to be exported from the United States without first obtaining authorization from the Department of State, by falsifying shipping records, concealing components in false bottoms of shipping cartons, and mislabeling and undervaluing shipments of firearm components. The investigation was conducted by the ATF and ICE.
- ***Assault Rifles and Explosives For Export*** – On March 22, 2011, Yanny Aguila Urbay was sentenced in the Southern District of Florida to 60 months in prison and his co-defendant, Abdalaziz Aziz Hamayel, was sentenced to 48 months in prison. On January 27, 2011, Urbay was convicted of conspiracy to possess stolen, fully-automatic M-16s, AK-47s and silencers, and receiving grenades and improvised explosive devices. On December 16, 2010 Hamayel, pleaded guilty to conspiracy to possess stolen machine guns and to transport grenades and improvised explosive devices. Urbay and Hamayel were first charged by complaint on August 31, 2010. The charges resulted from an undercover operation in which Hamayel and Urbay met with an undercover agent and discussed the purchase price of between 200-300 stolen automatic assault rifles, 150 grenades and remotely detonated explosives. According to the court documents, Hamayel indicated that the arms would be destined for abroad. During negotiations, the defendants were shown two M-16s, an AK-47, two grenades, and two improvised explosive devices for an unknown purchaser. Hamayel later requested a picture of the weapons to show his money supplier as proof that the weapons and explosives were available. Hamayel then traveled to the West Bank. Hamayel was arrested upon his return to Miami from Jordan on August 30,

2010. Urbay was arrested on September 6, 2010 in Miami. The investigation was conducted by the FBI.

- ***Semi-Automatic Assault Rifles to Mexico*** – On March 17, 2011, defendants Dario Rodriguez-Gomez, Manuel Gamez-Valenzuela, and Daniel Bernal-Perez were sentenced in the Northern District of Georgia to 36 months in prison; 24 months in prison; and 84 months in prison, respectively. All three defendants were indicted on March 9, 2010. Rodriguez-Gomez pleaded guilty on January 7, 2011 to conspiracy to transport semi-automatic assault rifles to Mexico as well as one count of being an illegal alien in possession of a firearm. Gamez-Valenzuela pleaded guilty to the conspiracy count on January 7, 2011. Bernal-Perez pleaded guilty on January 19, 2011 to being an illegal alien in possession of firearms. The investigation was conducted by ATF, DEA, and ICE.
- ***Fighter Jet Components to Iran*** – On March 11, 2011, Omid Khalili aka Saeid Kamyari, an Iranian national, was sentenced in the Southern District of Alabama to 30 months in prison. Previously, on June 17, 2010, Khalili pleaded guilty to attempting to illegally export U.S. fighter jet parts from the United States to Iran. Kamyari, along with defendant “Masun,” whose last name is unknown, were charged in a nine-count indictment on January 28, 2010, with conspiracy, money laundering, smuggling, as well as violations of the Arms Export Control Act and the International Emergency Economic Powers Act. Kamyari was arrested by federal agents in March 2010 upon his arrival in Miami. Kamyari and Masun have been actively working with the Iranian government to procure military items for the Iranian government. In November 2009, Kamyari reached out to an undercover federal agent requesting pricing for a list of military aircraft parts to be sent to Iran. Thereafter, he sent four separate payments totaling more than \$70,000 to a bank in Alabama as a down payment for the parts. The investigation was conducted by ICE and DCIS.
- ***Firearms and Ammunition to Mexico*** – On March 10, 2011, a grand jury in New Mexico indicted 11 members of a firearms trafficking ring headquartered in Columbus, N.M. The defendants charged the indictment include Angelo Vega, the Columbus chief of police; Eddie Espinoza, the mayor of Columbus; and Blas Gutierrez, a Columbus village trustee, as well as Ian Garland, Alberto Rivera, Miguel Carrillo, Ricardo Gutierrez, Manuel Ortega, Vicente Carreon, Eva Lucie Gutierrez, and Ignacio Villalobos. Columbus is a small border village across from the Mexican city of Puerto Palomas. The indictment alleges that, between January 2010 and March 2011, the defendants engaged in a conspiracy to purchase firearms for illegal export to Mexico. During this 14-month period, the defendants allegedly purchased approximately 200 firearms from Chaparral Guns in Chaparral, N.M. that are favored by the Mexican Cartels, including AK-47-type pistols, weapons resembling AK-47 rifles, and 9 mm pistols. The defendants allegedly obtained firearms by falsely claiming they were the actual purchasers of the firearms, when they were actually acting as “straw purchaser” and buying the firearms on behalf of others. During the case, agents seized 40 AK-47 type pistols, 1,580 rounds of 7.62 ammunition and 30 high-capacity magazines from the defendants before they crossed the U.S.-Mexico border. The indictment alleges that 12 firearms previously purchased by the defendants later were found in Mexico and were traced back to these defendants. Angelo Vega pleaded guilty on August 25, 2011 to one count of conspiracy to smuggle firearms, one count of smuggling goods from the United States and one count of extortion. Several other defendants have also pleaded guilty to charges in the indictment. Eddie Espinoza pleaded guilty on July 12, 2011 and was sentenced to 51 months in prison on June 14, 2012. Alberto Rivera pleaded guilty on July 15, 2011 and was sentenced to 90 months in prison on October 9, 2012. Miguel Carrillo pleaded guilty on July 19, 2011 and was sentenced on October 9, 2012 to 46 months in prison. Manuel Ortega pleaded guilty on July 20, 2011 and was sentenced to 70 months in prison on October 9, 2012. Gabriela Gutierrez pleaded

guilty on April 4, 2012 and was sentenced on October 9, 2012 to 24 months in prison. Ian Garland pleaded guilty on July 21, 2011 and was sentenced to five years in prison on May 24, 2012. Vicente Carreon pleaded guilty on July 22, 2011 and was sentenced on March 21, 2012 to 46 months in prison. Eva Gutierrez pleaded guilty on July 15, 2011. Ricardo Gutierrez pleaded guilty on July 18, 2011. Blas Gutierrez pleaded guilty on August 1, 2011. The investigation was conducted by ATF, ICE and DEA.

- ***Ammunition to Mexico*** – On March 9, 2011, an indictment was returned in the District of Arizona charging Ruben Arnulfo Chavarin, Mariano Perez-Rodriguez and Francisco Chavez with arms trafficking, to include unlawful export and false statement in connection with the purchase of a firearm. Chavarin was also charged with the transfer of ammunition to a prohibited person, and Perez-Rodriguez and Chavez with the possession of ammunition by an illegal alien. Pursuant to a criminal complaint, on February 11, 2011, Chavarin, Perez-Rodriguez and Chavez were arrested in the District of Arizona in connection with the export of firearms and ammunition to Mexico. Authorities discovered 12,525 rounds of ammunition in Chavarin's vehicle at the Douglas, Ariz., port of entry.
- ***Firearms and Ammunition to Mexico*** – On February 11, 2011, Isaac Cervantes-Sanchez and Leonel Richard Soto, were sentenced in the Southern District of Texas to 46 months in prison and 24 months in prison, respectively, for their roles in the straw purchasing firearms and ammunition bound for Mexico. Cervantes-Sanchez was convicted of illegally exporting munitions, while Soto was convicted of lying to buy two AK-47s for Cervantes-Sanchez. Both men pleaded guilty to the offenses in December 2010. In August 2009, federal agents saw the defendants load approximately 4,000 rounds of ammunition into a vehicle driven by Cervantes. CBP agents stopped Cervantes and Soto as they attempted to leave the United States. Cervantes admitted to exporting the ammunition to Mexico. Soto purchased two AK-47 type firearms for Cervantes and was paid \$300 to do so. Both men have been in federal custody since their August 2008 arrest. The investigation was conducted by ATF, ICE and CBP.
- ***Tactical SUVs Armed with M 134 Mini-guns to Turkmenistan*** – On Feb 4, 2011, Ruslan Gilchenko was sentenced in the District of Arizona to 18 months in prison and three years supervised release for conspiracy to violate the Arms Export Control Act. A February 24, 2010 indictment charged Gilchenko and Victor Dobrogaiev with conspiracy to violate the Arms Export Control Act, money laundering and fraud charges. According to the charges, Gilchenko and Dobrogaiev attempted to obtain three sport utility vehicles outfitted with M134 Mini-guns, which are fully automatic defense suppression weapons that fire at a rate of 3,000 rounds per minute, for illegal export to Turkmenistan. As part of the conspiracy, the defendants allegedly agreed to pay \$1.2 million to purchase three armed vehicles and forwarded \$340,000 to sellers in the U.S. as a down payment. In connection with the transaction, Gilchenko, who represents a company in Slovenia called MG CZ Group, allegedly sought to defraud the government of Turkmenistan of by causing the price of the transaction to be inflated. Gilchenko pleaded guilty to the conspiracy count on September 29, 2010. The investigation was conducted by ICE.
- ***Specialized Metals For Iranian Missile Program*** – On February 1, 2011, an indictment returned on July 21, 2010, was unsealed in the District of Columbia charging Milad Jafari, an Iranian citizen and resident, with illegally exporting and attempting to export specialized metals from the United States through companies in Turkey to several entities in Iran -- including entities that have been sanctioned for their involvement in Iran's ballistic missile activities. The Treasury Department also designated Jafari, several of his family members, associates, and corporate entities in Iran and Turkey, under Executive Order 13382, which targets for sanctions the

proliferators of weapons of mass destruction and their supporters – thereby isolating them from the U.S. financial and commercial systems. According to the Treasury designation, Jafari and his associates operate a procurement network that provides direct support to Iran’s missile program by securing metal products, including steel and aluminum alloys, for subordinates of Iran’s Aerospace Industries Organization (AIO). The indictment alleges that Jafari and others operated Macpar and STEP, businesses with locations in Istanbul and Tehran. From February 2004 through August 2007, Jafari and his conspirators solicited orders from customers in Iran and purchased goods from U.S. companies on behalf of these Iranian customers. Jafari and others allegedly wired money to the U.S. companies as payment, concealed from the U.S. companies the end-use of the goods, and caused the goods to be shipped to Turkey and later to Iran. For instance, the indictment alleges that in July 2006, Sanam Industrial Group – an entity in Iran that is controlled by Iran’s AIO and has since been sanctioned by the U.S. and United Nations for involvement in nuclear and ballistic missile activities -- issued to Jafari’s company, STEP, a request for quote for 660 pounds of a specialized steel welding wire with aerospace applications in rocket/missile casings. Jafari caused an order to be placed for 660 pounds of this welding wire with a Nevada company. The following month, the Nevada firm received more than \$38,000 from Jafari’s company, Macpar. According to the indictment, Jafari made arrangements for the welding wire to be picked up from the Nevada company. In response to questions from the Nevada company about the end-use of the welding wire, Jafari told the company that the materials “will not be exported from Turkey and will not be used for any nuclear, missile or chemical/biological weapons related applications,” the indictment alleges. The shipment was detained by the Commerce Department in 2007 before it left the country. The indictment alleges that Jafari and his conspirators were successful in causing several shipments of other materials to be exported from the United States to Iran via Turkey, including: three kilograms of custom-made brazing alloy, 1,366 pounds of commercial bronze bars, electronic testing equipment, U.S. fiber-optic equipment and aerosol generators for fire suppression systems. The investigation was conducted by BIS and FBI.

- ***Stealth Missile Exhaust Designs and Military Technical Data to China*** – On January 24, 2011, a federal judge in the District of Hawaii sentenced Noshir Gowadia, 66, of Maui to 32 years in prison for communicating classified national defense information to the People’s Republic of China (PRC), illegally exporting military technical data, as well as money laundering, filing false tax returns and other offenses. On August 9, 2010, a federal jury in the District of Hawaii found Gowadia guilty of 14 criminal violations after six days of deliberation and a 40-day trial. These included five criminal offenses relating to his design for the PRC of a low-signature cruise missile exhaust system capable of rendering a PRC cruise missile resistant to detection by infrared missiles. The jury also convicted Gowadia of three counts of illegally communicating classified information regarding lock-on range for infrared missiles against the U.S. B-2 bomber to persons not authorized to receive such information. Gowadia was also convicted of unlawfully exporting classified information about the B-2, illegally retaining information related to U.S. national defense at his home, money laundering and filing false tax returns for the years 2001 and 2002. Gowadia was an engineer with Northrop Grumman Corporation from 1968 to 1986, during which time he contributed to the development of the unique propulsion system and low observable capabilities of the B-2 bomber. Gowadia continued to work on classified matters as a contractor with the U.S. government until 1997, when his security clearance was terminated. Evidence at trial revealed that from July 2003 to June 2005, Gowadia took six trips to the PRC to provide defense services in the form of design, test support and test data analysis of technologies for the purpose of assisting the PRC with its cruise missile system by developing a stealthy exhaust nozzle and was paid at least \$110,000 by the PRC. The jury convicted Gowadia of two specific transmissions of classified information: a PowerPoint presentation on the exhaust nozzle of a PRC cruise missile project and an evaluation of the effectiveness of a redesigned nozzle, and

a computer file providing his signature prediction of a PRC cruise missile outfitted with his modified exhaust nozzle and associated predictions in relation to a U.S. air-to-air missile. The prosecution also produced evidence which documented Gowadia's use of three foreign entities he controlled, including a Liechtenstein charity purportedly for the benefit of children, to disguise the income he received from foreign countries. This case was investigated by FBI, the U.S. Air Force Office of Special Investigations, the IRS, U.S. Customs and Border Protection, and ICE.

- ***Ammunition Primers to Jamaica*** – On January 24, 2011, Orville Andrew Braham, of Brockton, Mass., was indicted in the Southern District of Florida in connection with the transportation in his luggage of ammunition primers, which caused an explosion at the Miami International Airport on December 28, 2010. Braham boarded a flight in Boston ultimately bound for Jamaica with hundreds of .45 caliber ammunition primers concealed in his luggage. The primers exploded when a baggage handler at the Miami airport placed the luggage on the ground. On February 22, 2011, Braham pleaded guilty to charges in the case. He was later sentenced on May 10, 2011 to six months in prison followed by 6 months supervised release, but later received an amended sentence changing his supervised release to three years. The investigation was conducted by FBI, ATF and Department of Transportation.
- ***AK-47s Assault Rifles to Somalia*** – On January 17, 2011, Chanoch Miller, an Israeli national, was sentenced to 18 months in prison and 36 months supervised release, while his co-defendant Joseph O'Toole, a former U.S. Air Force Colonel F-4 fighter pilot, was sentenced on December 14, 2010 to 12 months and a day in prison followed by 24 months of supervised release. On October 5, 2010, Miller and O'Toole pleaded guilty in the Southern District of Florida to charges of knowingly and willfully conspiring to export AK-47 assault rifles from the U.S. to Somalia without a license from the Department of State. According to the indictment and statements made during the plea hearing, beginning in April 2010, Miller contacted O'Toole to arrange for the transportation of approximately 6,000 fully automatic AK-47 assault rifles from Bosnia to Somalia. To facilitate the transportation of the AK-47 assault rifles, O'Toole contacted an individual who, unbeknownst to O'Toole, was working undercover for ICE and the DCIS. Miller agreed to purchase 700 fully automatic AK-47 assault rifles from the undercover individual. These assault rifles were to be shipped from the United States through Panama and then to Somalia. Miller paid \$116,000 to the undercover individual as partial payment of the transportation costs and commissions to O'Toole for the shipment of the 700 assault rifles. Both defendants were charged in a June 17, 2010 indictment with conspiring and attempting to illegally export defense articles, money laundering and money laundering conspiracy. The investigation was conducted by ICE and DCIS.
- ***Bullet-Proof Vest Inserts to Colombia*** – On January 13, 2011, Jerome Stewart Pendzich, of Hampton, Tenn., pleaded guilty in the Eastern District of Tennessee to violating the Arms Export Control Act. According to court documents, ICE agents became aware that Pendzich was attempting to sell a bullet-proof vest on E-bay. In May and June 2009, Pendzich attempted to export military-grade, small-arms protective inserts to purchasers in Colombia, who were undercover agents. Pendzich was sentenced to 46 months in prison and three years supervised release on October 12, 2011. The investigation was conducted by ICE.
- ***Weapons to Mexico*** – On January 11, 2011, former U.S. Army First Sergeant Manuel Zamora-Mendoza was sentenced to three years probation in the Southern District of Texas in connection with his efforts to smuggle rifles, ammunition and night vision goggles to Mexico. On July 3, 2010, Zamora-Mendoza was arrested while attempting to enter Mexico from Laredo after CBP officers found seven rifles, two handguns, six rifle scopes and 6,729 rounds of ammunition, and a

pair of night vision goggles concealed in his vehicle. The night vision goggles were from his military unit in Fort Hood. This investigation was conducted by ICE and ATF.

- ***Iran Embargo Violations*** – On January 10, 2011, the Child Foundation, a charity in Oregon, and its founder and CEO, Mehrdad Yasrebi, pleaded guilty in the District of Oregon to conspiracy to defraud the United States by concealing violations of the U.S.-embargo on Iran. Yasrebi and the charity admitted that they used several different methods to facilitate money transfers to Iran through the Child Foundation. Using a series of money transmitters and the Swiss bank account of a related charity, the defendants arranged for claimed embargo-exempt food commodities transactions from Dubai designed to disguise what were, in reality, significant cash transfers to Iran. On March 6, 2012, Yasrebi was sentenced to five years probation with a year of home detention, and a \$50,000 fine. In addition, the Child Foundation was sentenced to two years probation on the condition that it receives OFAC approval for any continuing activities, on their behalf, involving cash or in kind goods transfers into Iran. Child Foundation was also ordered to pay a \$50,000 fine. This investigation was conducted by the FBI, IRS, and ICE.
- ***U.S. Military Equipment to Yemen*** – On January 7, 2011, Amen Ahmed Ali was sentenced in the Eastern District of California to five years in prison followed by three years supervised release for conspiracy to act as an illegal agent of a foreign government, to possess stolen government property, and to unlawfully export defense materials. Ali pleaded guilty to these violations on October 7, 2010. Beginning in 1987, Ali conspired with others to act as an unregistered agent of the Government of Yemen, and received instructions and acted on behalf of the Armed Forces Department of the Republic of Yemen. Ali admitted that he took official actions on behalf of the Yemeni Government and that, among other things, he issued documents in 2002 ordering the arrest of a person upon his return to Yemen. Ali also admitted that in 2003 he had conspired with another person to cause various defense articles to be exported to Yemen without a license, including bullet proof vests and chemical protective suits. Finally, Ali admitted in his plea agreement that in late 2005 and early 2006, he negotiated with an undercover FBI agent to obtain and ship to Yemen materials that he believed were stolen U.S. military equipment, including night vision goggles, satellite telephones and laptop computers. The investigation was conducted by the Joint Terrorism Task Force, including FBI and ICE.
- ***Assault Weapons to Mexico*** – On January 5, 2011, Jesus Quintanilla was sentenced in the Southern District of Texas to 37 months in prison for straw purchasing 13 firearms. He was arrested in July 2010 and pleaded guilty in October 2010. After ATF agents saw Quintanilla attempt to purchase an AK-47 type weapon, agents approached him and he admitted to agents that he had previously purchased nine AK-47 type weapons and four pistols for another person who was reportedly associated with a Mexican drug cartel. The investigation was conducted by the ATF.
- ***Weapons and Ammunition to Nigeria*** – On January 3, 2011, Emenike Charles Nwankwoala, of Laurel, Md., was sentenced in the District of Maryland to 37 months in prison followed by two years supervised release in connection with a scheme to export guns, including shotguns and pistols, and ammunition to Nigeria. According to the charges, Nwankwoala illegally shipped weapons and ammunition to Nigeria for a decade, while employed as a state probation officer. He concealed the weapons and ammunition in shipping containers and lied about the contents and destination of these items. The investigation was conducted by ICE, ATF, and BIS.
- ***Arms Exports to Russia*** – On December 13, 2010, in the Middle District of Pennsylvania, Sergey Korznikov, a Russian citizen, pleaded guilty to a superseding information charging him with

conspiracy to smuggle military articles from the United States to Russia. Korznikov was later sentenced to 6 months in prison and two years supervised release on July 21, 2011. On July 29, 2010, Korznikov's co-defendant Mark Komoroski was sentenced to 32 months in prison and ordered to pay \$10,000 after pleading guilty to conspiring to smuggle military equipment to Russia. Komoroski, of Nanticoke, Pa.; Korznikov, of Moscow, and two companies, D&R Sports Center and Tactica Limited, were charged in a 2008 superseding indictment with conspiring to smuggle military equipment, including rifle scopes, magazines for firearms, face shields, and other military equipment from the United States to Russian to be resold to unknown persons. The government later dismissed the charges against the corporate defendants, D&R Sports Center and Tactica Limited. The case was investigated by ICE, IRS, ATF, U.S. Postal Service, Department of Commerce and DCIS.

- ***Valspar Trade Secrets to China*** – On December 8, 2010, David Yen Lee, a former chemist for Valspar Corporation, a Chicago paint manufacturing company, was sentenced in the Northern District of Illinois to 15 months in prison for stealing trade secrets involving numerous formulas and other proprietary information valued up to \$20 million as he prepared to go to work for a competitor in China. Lee, formerly a technical director in Valspar Corp's architectural coatings group since 2006, pleaded guilty in September 2010 to using his access to Valspar's secure internal computer network to download approximately 160 original batch tickets, or secret formulas for paints and coatings. Lee also obtained raw materials information, chemical formulas and calculations, sales and cost data, and other internal memoranda, product research, marketing data, and other materials from Valspar. Lee admitted that between September 2008 and February 2009, he had negotiated employment with Nippon Paint, in Shanghai, China and accepted employment with Nippon as vice president of technology and administrator of research and development. Lee was scheduled to fly from Chicago to Shanghai on March 27, 2009. He did not inform Valspar that he had accepted a job at Nippon until he resigned on March 16, 2009. Between November 2008 and March 2009, Lee downloaded technical documents and materials belonging to Valspar, including the paint formula batch tickets. He further copied certain downloaded files to external thumb drives to store the data, knowing that he intended to use the confidential information belong to Valspar for his own benefit. There was no evidence that he actually disclosed any of the stolen trade secrets. This investigation was conducted by the FBI.
- ***Digital Microwave Radios to Iran*** – On November 23, 2010, Vikramiditya Singh, a resident of Fountain Hills, Arizona, and the owner of Orion Telecom Networks, Inc., pleaded guilty in the District of Delaware to a one count information alleging that he caused and attempted to cause the illegal export of digital microwave radios to Iran between September 2008 and May 2010. On March 3, 2011, he was sentenced to a fine of \$100,000 and three years probation. This case was investigated by ICE.
- ***Fully Automatic AK-47 Machine Guns to Drug Cartels in Mexico*** – On November 9, 2010, Julian Garcia-Penaloza (aka Martin Ramirez-Rodriguez) was sentenced in the Northern District of Florida to 572 months in prison after pleading guilty on August 17, 2010 to conspiracy to export machine guns to Mexico, conspiracy to possess and transfer machine guns, as well as additional drug and firearm charges. On June 22, 2010, a federal indictment was returned charging Garcia-Penaloza and Ramiro Gomez-Gomez, both of Mexico, with conspiracy to illegally export 50 fully-automatic AK-47 machine guns to Mexico for use by drug cartels. According to the indictment, Gomez-Gomez told an undercover agent that he had a contact in Mexico who was seeking 800 AK-47s. The defendants also allegedly indicated they were also willing to purchase grenades, bulletproof vests, and ammunition for Mexican cartel operatives. Ultimately, the defendants arranged for \$23,000 as a down payment for the purchase of 50 fully-

automatic AK-47s. Gomez-Gomez and Garcia-Penalzoza were also charged with illegal possession of firearms and drug violations. The indictment charged five other defendants, including Santiago Valdez-Gomez, Jose Barajas, Pascual Montor-Torres, and Maria Cifuentes-Espinoza and Florencio Barrios-Hernandez, in connection with a related drug conspiracy. The investigation was conducted by ATF, DEA, ICE and local law enforcement in the Northern District of Florida.

- ***Firearms to Kosovo & Austria*** – On November 5, 2010, Ramadan Rama, a native of Kosovo, was charged by criminal complaint in the Eastern District of North Carolina with unlawfully shipping firearms on a common carrier and illegally exporting firearms. Rama allegedly transported two semi-automatic pistols on a flight from North Carolina to Kosovo and later transported a semi-automatic pistol on a flight from North Carolina to Austria. He was later indicted in December 2010 on charges that included violations of the Arms Export Control Act. Rama pleaded guilty on March 9, 2011 to failure to notify a commercial carrier of a firearm and exporting defense articles without a license. He was sentenced on July 21, 2011 to 18 months in prison. This investigation was conducted by ICE.
- ***DuPont Trade Secrets to China*** – On October 26, 2010, Hong Meng, a former research chemist for DuPont, was sentenced in the District of Delaware to 14 months in prison and \$58,621 in restitution for theft of trade secrets. Meng pleaded guilty on June 8, 2010. Meng was involved in researching Organic Light Emitting Diodes (OLED) during his tenure at DuPont. In early 2009, DuPont's OLED research efforts resulted in the development of a breakthrough chemical process (trade secret) that increased the performance and longevity of OLED displays. In the Spring of 2009, while still employed at DuPont and without DuPont's permission or knowledge, Meng accepted employment as a faculty member at Peking University (PKU) College of Engineering, Department of Nanotechnology in Beijing, China, and thereafter began soliciting funding to commercialize his OLED research at PKU. In June 2009, he emailed to his PKU account the protected chemical process from DuPont. He also downloaded the chemical process from his DuPont work computer to a thumb drive which he uploaded to his personal computer. In August 2009, he mailed a package containing 109 samples of DuPont intermediate chemical compounds to a colleague at Northwestern University and instructed his colleague at Northwestern to forward the materials to Meng's office at PKU. Eight of the 109 samples were trade secret chemical compounds. Meng also made false statements to the FBI when questioned about these samples. This investigation was conducted by the FBI.
- ***Rocket Propulsion Systems, Engines and Technology to South Korea*** – On October 20, 2010, Juwhan Yun, a.k.a. Jw Yun, a naturalized U.S. citizen of Korean origin, was sentenced in the Southern District of Florida to 57 months in prison and 3 years supervised release. On May 14, 2010, Yun pleaded guilty to attempting to illegally export defense articles to South Korea, including components for a 20 mm gun, known as the M61 Vulcan; components for a SU-27 Russian fighter jet; and RD-180 rocket propulsion systems, and related technology without the required State Department licenses. Yun was arrested on April 15, 2009, in Fort Lauderdale, Fla., and subsequently indicted on April 29, 2009 for attempting to purchase rocket materials for a company working on the Korean Satellite Launch Vehicle project and which was previously involved in developing Korea's KOMPSAT-1 satellite. Yun was previously convicted in May 1989 of conspiracy to violate the Arms Export Control Act in connection with an effort to export 500 quarter-ton bombs of sarin nerve gas to Iran. None of the bombs ultimately made it to Iran. He was sentenced to 39 months in federal prison in 1989. He was released from federal prison in March 1991 and was debarred by the State Department as a result of his conviction. This investigation was conducted by ICE and DCIS.

- Missiles, Grenade Launchers & Other Weapons to Sri Lankan Terrorists:*** On October 18, 2010, a federal jury in the District of Maryland convicted Balraj Naidu, a citizen of Singapore, of conspiracy to provide material support to a foreign terrorist organization stemming from his efforts to supply the Liberation Tigers of Tamil Eelam (Tamil Tigers) with advanced American weaponry. He was later sentenced to 57 months in prison on December 16, 2010. Beginning in February 2006, Naidu and his co-conspirators attempted to purchase state of the art weaponry from China, Thailand, North Korea, the Phillipines and Indonesia for the Tamil Tigers operating within Sri Lanka, to be used to fight against Sri Lankan government forces. Several arms merchants refused to supply the Tamil Tigers with weaponry once the destination for the arms had been disclosed by Naidu and his associates. In April 2006, Naidu's Indonesian sources for weapons unwittingly introduced Naidu and his associates to an agent for an undercover business in Maryland that purported to sell military weapons. In the subsequent months, the conspirators' negotiations with the undercover agent centered on the acquisition of American made weaponry. Terms of the sale included delivery of the weapons to locations in international waters off the coast of Sri Lanka. The weaponry was to be off-loaded by the Sea Tigers, the naval branch of the Tamil Tigers. A co-conspirator, Haniffa Bin Osman, visited Baltimore in the summer of 2006, where he examined and test-fired much of the weaponry. As a result of the trip, Tamil Tiger representatives wire transferred \$250,000 into the undercover business' accounts as down payment on a \$900,000 weapons deal. Approximately 28 tons of weapons and ammunition, which the conspirators believed they were purchasing, was air-lifted to the U.S. territory of Guam. On September 29, 2006, after inspecting the weapons and transferring an additional \$450,000 into the undercover business' accounts, co-conspirators Bin Osman, Haji Subandi, Erick Wotulo and Thirunavukarasu Varatharasa were arrested and indicted. The investigation continued and led to the indictment of Naidu and an alleged Tamil Tigers financier on charges of conspiracy to provide material support to the Tamil Tigers and related offenses. Thirunavukarasu Varatharasa, a citizen of the Democratic Socialist Republic of Sri Lanka; Haji Subandi and retired Indonesian Marine Corps General Erick Wotulo, both citizens of the Republic of Indonesia; and Haniffa Bin Osman, a citizen of the Republic of Singapore, pleaded guilty to their participation in the conspiracy and were sentenced to 57 months, 37 months, 30 months and 37 months in prison, respectively, in 2007 and 2008. Two additional defendants, Rinehard Rusli and Helmi Soedirdja, pleaded guilty to export and money laundering violations in January 2007 as part of a related plot to provide military night vision devices to the Indonesian military. The case was investigated by ICE, FBI, and DCIS.
- Restricted Electronics to China*** – On October 11, 2010, York Yuan Chang, known as David Zhang, and his wife, Leping Huang, were arrested on charges in the Central District of California of conspiring to export restricted electronics technology to the People's Republic of China (PRC) without a license and making false statements. According to the October 9, 2010 criminal complaint, the defendants are the owners of General Technology Systems Integration, Inc., (GTSI), a California company involved in the export of technology to the PRC. GTSI allegedly entered into contracts with the 24th Research Institute of the China Electronics Technology Corporation Group in China to design and transfer to the PRC technology for the development of two-types of high-performance analog-to-digital converters (ADCs). The defendants allegedly hired two engineers to design the technology and provide training to individuals in the PRC. Twice in 2009, U.S. Customs and Border Protection officials stopped the engineers upon their return to the United States and allegedly found computer files and documents indicating illegal technology transfer involving GTSI and China. According to the complaint, Chang and Huang allegedly sought to cover up the project after authorities contacted the engineers. The ADCs that the defendants allegedly attempted to export to the PRC are subject to export controls for national security and anti-terrorism reasons. This investigation was conducted by the FBI, BIS, ICE, IRS and DCIS.

- ***U.S. Fighter Jet Engines and Parts to Iran*** – On Sept 22, 2010, Jacques Monsieur, a Belgian national and resident of France suspected of international arms dealing for decades, was sentenced by a judge in the Southern District of Alabama to 23 months imprisonment. On November 23, 2009, Monsieur pleaded guilty to conspiracy to illegally export F-5 fighter jet engines and parts from the United States to Iran. He and co-conspirator Dara Fatouhi were first charged by indictment on August 27, 2009, with conspiring to illegally export F-5 fighter jet engines and parts from the United States to Iran, as well as money laundering, smuggling, and Iran embargo violations. Monsieur was arrested on August 28, 2009 after arriving in New York aboard a flight from Panama. Fatouhi, an Iranian national living in France who allegedly worked with the Iranian government to procure military items, remains at large. During a series of e-mails and meetings in Paris and London with undercover federal agents, Monsieur requested engines and parts for the F-5 fighter jet for export to Iran. Monsieur requested that the items be routed through Colombia and the United Arab Emirates on their way to Iran. He also arranged for a wire transfer of \$110,000 as payment for F-5 fighter jet parts and indicated to undercover agents that a deposit of \$300,000 would be forthcoming as payment for two F-5 fighter jet engines. The investigation was conducted by ICE and DCIS.
- ***Nuclear-Related Equipment to Iran*** – On July 29, 2010, Mahmoud Yadegari was sentenced in a Canadian court in Toronto to four years and three months in prison for attempting to export pressure transducers that he had purchased in the United States to Iran, via Canada. Yadegari purchased pressure transducers from a company in Massachusetts and transported them to Canada. From there, he attempted to export the items to the United Arab Emirates, and ultimately to Iran in March 2009. Pressure transducers have applications in the production of enriched uranium. The Massachusetts company alerted ICE to the purchases, which, in turn worked with Canadian authorities. Yadegari was found guilty on July 6, 2010 of nine charges, including the Customs Act, the United Nations Act, the Export Import Permits Act, and the Nuclear Safety and Control Act. He was originally arrested by Canadian authorities in 2009 after a joint investigation by BIS, ICE and Canadian authorities.
- ***Combat Riflescopes Overseas*** – On July 29, 2010, Chou-Fu Ho pleaded guilty in the Southern District of California to Arms Export Control Act violations and other charges. He was later sentenced on September 20, 2011 to five years supervised release and a \$10,000 fine. Chou-Fu Ho was arrested on June 25, 2010, after being indicted on charges of smuggling and illegally exporting military night vision systems to various locations overseas without the required State Department licenses. According to the indictment, Ho illegally exported to Hong Kong and Japan combat riflescopes listed on the U.S. Munitions List without obtaining the required export licenses. Ho also allegedly attempted to illegally export combat riflescopes to Ireland, Austria and the United Arab Emirates. The investigation was conducted by ICE and DCIS.
- ***GM Trade Secrets to China*** – On July 22, 2010, an indictment returned in the Eastern District of Michigan charging Yu Qin and his wife Shanshan Du, both of Troy, Michigan, was unsealed. The indictment charged the defendants with conspiracy to possess trade secrets without authorization, unauthorized possession of trade secrets and wire fraud. According to the indictment, from December 2003 through May 2006, the defendants conspired to possess trade secret information of General Motors Company relating to hybrid vehicles, knowing that the information had been stolen, converted, or obtained without authorization. The indictment alleges that Du, while employed with GM, provided GM trade secret information relating to hybrid vehicles to her husband, Qin, for his benefit and for the benefit of a company, Millennium Technology International Inc. (MTI), which the defendants owned and operated. Five days after

Du was offered a severance agreement by GM in January 2005, she copied thousands of GM documents, including trade secret documents, to a computer hard drive used for MTI business. A few months later, Qin moved forward on a new business venture to provide hybrid vehicle technology to Chery Automobile, a Chinese automotive manufacturer based in China and a competitor of GM. The indictment further alleges that in May 2006, the defendants possessed GM trade secret information without authorization on several computer and electronic devices located in their residence. Based on preliminary calculations, GM estimates that the value of the stolen GM documents is over \$40 million. This investigation was conducted by the FBI.

- ***F-5 Fighter Jet Components to Iran*** – On July 7, 2010, a superseding indictment was returned in the District of Columbia charging Mac Aviation Group, an Irish trading company, and its officers Thomas and Sean McGuinn of Sligo, Ireland, with purchasing F-5 fighter aircraft parts from U.S. firms and illegally exporting them to Iran. The defendants were previously charged in July 2008 in connection with illegally exporting helicopter engines and other aircraft components to Iran. The new charges allege that, from 2005 and continuing until 2006, the defendants caused canopy panels designed for the F-5 fighter jet, valued at \$44,500 to be exported from the United States to Iran and that the defendants falsely stated that the end-user for the panels was Nigeria. The transaction with Iran was allegedly arranged through the Iran Aircraft Manufacturing Industrial Company, known as HESA, which has been designated by the United States as an entity involved weapons mass destruction proliferation. The investigation was conducted by ICE and DCIS.
- ***Oil Field Equipment to the Sudan*** – On June 22, 2010, Agar Corporation Inc., a company in Houston, pleaded guilty in the Southern District of Texas to violating the International Emergency Economic Powers Act and agreed to pay \$2 million in criminal fines and forfeiture as well as civil penalties to the U.S. Treasury's Office of Foreign Assets Control. The company was sentenced two days later to four years probation and a \$760,000 fine. Agar Corporation illegally facilitated the export of multi-phase flow meters by an affiliate in Venezuela to the Sudan for use in the Melut Basin oilfield in violation of the embargo on the Sudan. The investigation was conducted by ICE.
- ***Military Optics Technology to China, Russia, Turkey and South Korea*** – On June 22, 2010, in U.S. District Court for the District of Colorado, Rocky Mountain Instrument Company (RMI), a Colorado corporation located in Lafayette, Colorado, pled guilty to one count of knowingly and willfully exporting defense articles without a license in violation of the Arms Export Control Act. The company was then immediately sentenced to five years of probation and ordered to forfeit \$1,000,000. Between April 2005 and October 2007, RMI exported from the United States to Turkey, South Korea, the People's Republic of China, and Russia, prisms and technical data related to various optics used in military applications, which were designated as defense articles on the U.S. Munitions List, without having first obtained the required export licenses. The military technology that RMI illegally exported consisted of guidance or targeting systems used in such military items as unmanned aerial vehicles, AC-130 gunships, Abrams tanks, TOW missile systems, and Bradley fighting vehicles. RMI was originally charged by criminal information on March 17, 2010. The case was investigated by ICE and DCIS.
- ***Illegal Oil Transaction with Iraq*** – On June 21, 2010, Muthanna Al-Hanooti pleaded guilty in the Eastern District of Michigan to one count of violating the International Emergency Economic Powers Act (IEEPA) for unlawfully accepting an allocation of two million barrels of Iraqi oil from the Government of Iraq in December 2002 without the required U.S. government license. Al-Hanooti was previously charged in a February 13, 2008, indictment with conspiracy to act as an unregistered agent of the Government of Iraq, an IEEPA violation, and making false

statements in connection with his alleged work on behalf of the Iraqi Intelligence Service. In March 2011, Al-Hanooti was sentenced to one year and one day in prison. This investigation was conducted by the FBI.

- ***Thermal Imaging Cameras to China*** – On May 14, 2010, Sam Ching Sheng Lee, part-owner and chief operations manager of Multimillion Business Associate Corporation ("MBA"), pleaded guilty in the Central District of California to conspiracy to violate the International Emergency Economic Powers for illegally exporting national security-controlled thermal imaging cameras to China. His nephew, Charles Yu Hsu Lee, pleaded guilty the same day to misprision of a felony for the same activity. Sam Lee was sentenced on February 18, 2011 to 12 months in prison and a \$10,000 fine, while Charles Lee was sentenced on December 15, 2010 to 6 days in prison and a \$3,000 fine. The Lees were arrested on December 30, 2008 in Hacienda Heights, Ca, pursuant to a December 16, 2008 indictment charging them with conspiracy to export and exporting national security-controlled items without a license in violation of the IEEPA. The indictment alleged that the defendants, doing business as MBA, an import/export business located in Hacienda Heights, assisted persons in China illegally procure export controlled thermal-imaging cameras. During the period between April 2002 and July 2007, defendants allegedly exported a total of ten thermal-imaging cameras to China in circumvention of export laws. After being advised of strict export restrictions, Charles Lee allegedly purchased the cameras from U.S. suppliers for approximately \$9,500 a piece by withholding the fact that the devices were destined to China. His uncle, Sam Lee, then received the devices and, through his company, arranged for their shipment to Shanghai, China without obtaining proper licenses. One of the recipients is alleged to be an employee of a company in Shanghai engaged in the development of infrared technology. The thermal-imaging cameras are controlled for export to China by the Department of Commerce for national security and regional stability reasons because of their use in a wide variety of military and civilian applications. This investigation was conducted by the EAGLE Task Force in the Central District of California.
- ***U.S. Missile Components to Iran*** – On August 27, 2010, in the Southern District of Florida, Yi-Lan Chen, aka Kevin Chen, of Taiwan, was sentenced to 42 months in prison, while his Taiwan corporation, Landstar Tech Company Limited, was sentenced to 1 year probation. On September 9, 2011, an amended sentence was issued for Yi-Lan Chan, sentencing him to time served, 2 years supervised release and a \$300 special assessment. Previously, on May 13, 2010, Chen and Landstar Tech Company Limited, pleaded guilty to a 3-count criminal information charging them with illegally exporting dual-use commodities to Iran that have potential military applications. Chen was arrested in Guam on February 3, 2010. According to court documents in the case, customers in Iran affiliated with that nation's missile program sent orders by e-mail to Chen for specific goods. Chen then requested quotes, usually by e-mail, from U.S. businesses and made arrangements for the sale or shipment of the goods to one of several freight forwarders in Hong Kong and Taiwan. Once in Hong Kong or Taiwan, the goods were then shipped to Iran. Among the customers in Iran were buyers for Electro SANAM Industries, which serves as a front company for Aerospace Industries Organization in Iran and has been linked to Iranian ballistic missile programs. Another Iranian customer was the owner of the Noavaran Sooyab Sanat, Co., which is a division of Jihad Engineering Research Center. Jihad Engineering Research Center has been linked to chemical research and development facilities and has been listed as an entity of concern by the British government for the procurement of weapons of mass destruction. In one e-mail with an Iranian customer, Chen stated, "As you know we cannot tell USA this connector is for you. So we have to tell a white lie to USA that this is for our factory in Hong Kong." Among the dual-use items that Chen caused to be shipped to Iran were 120 circular hermetic connectors and 8,500 glass-to-metal seals. While the goods have commercial applications, they also can make a significant contribution to the military or nuclear potential of other nations. Agents

learned of Chen's efforts after he attempted to obtain and export to Iran some 2,000 detonators from a California company. The investigation was conducted by BIS and ICE.

- ***Commercial 747 Aircraft to Iran*** – On May 11, 2010, Balli Aviation Ltd., a subsidiary of the U.K.-based Balli Group PLC, was sentenced in the District of Columbia to pay a \$2 million fine and to serve a five-year corporate period of probation after pleading guilty on February 5, 2010, to a two-count criminal information in connection with its illegal export of commercial Boeing 747 aircraft from the United States to Iran. The \$2 million fine, combined with a related \$15 million civil settlement among Balli Group PLC, Balli Aviation Ltd., the U.S. Department of Commerce's Bureau of Industry and Security (BIS), and the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), represented one of the largest fines for an export violation in BIS history. Balli Aviation Ltd. conspired to export three 747 aircraft from the U.S. to Iran without the required export licenses. According to the criminal information, Balli Aviation Ltd., through its subsidiaries, the Blue Sky Companies, purchased U.S.-origin aircraft with financing obtained from an Iranian airline and caused these aircraft to be exported to Iran without obtaining the required U.S. government licenses. Further, Balli Aviation Ltd. entered into lease arrangements that permitted the Iranian airline to use the U.S.-origin aircraft for flights in and out of Iran. In addition, Balli Aviation Ltd. violated a Temporary Denial Order issued by BIS that prohibited the company from conducting any transaction involving any item subject to the Export Administration Regulations. The investigation was conducted by BIS and OFAC.
- ***\$500 Million Forfeiture for Iran Embargo Violations and Other Charges*** – On May, 10, 2010, the former ABN AMRO Bank N.V., now named the Royal Bank of Scotland N.V., agreed to forfeit \$500 million in connection with a conspiracy to defraud the United States, to violate the International Emergency Economic Powers Act and to violate the Trading with the Enemy Act, as well as a violation of the Bank Secrecy Act. A criminal information was filed in the District of Columbia. The bank waived indictment, agreed to the filing of the information, and accepted and acknowledged responsibility for its conduct. ABN AMRO agreed to forfeit \$500 million as part of a deferred prosecution agreement. From 1995 through December 2005, ABN AMRO assisted sanctioned countries and entities in Iran, Libya, Sudan, Cuba and elsewhere in evading U.S. laws by facilitating hundreds of millions of U.S. dollar transactions. The IEEPA and TWEA violations relate to ABN AMRO conspiring to facilitate illegal dollar transactions on behalf of financial institutions, including Bank Markazi and Bank Melli of Iran as well as other customers from Iran, Libya, the Sudan, Cuba and other sanctioned nations. ABN AMRO Bank offices and employees in the Netherlands, the UAE, Saudi Arabia, and elsewhere stripped mention of Iranian and Sudanese banks from international funds transfer instructions sent to the New York branch of the bank thereby causing and facilitating financial transactions for the benefit of the Iranian and Sudanese financial institutions. The investigation was conducted by the IRS and FBI.
- ***Russian Attack Helicopters to Zimbabwe*** – On March 19, 2010, Peter Spitz, a resident of Hallandale, Fla., and the owner of Russian Aircraft Services LLC, received an amended sentence in the Southern District of Florida, of 42 months in prison followed by 2 years of supervised release. Previously, on April 8, 2008, Spitz was arrested in Miami pursuant to a criminal complaint alleging that he conspired to sell seven MI-24 Russian attack helicopters and three MI-8T Russian military transport helicopters to undercover law enforcement officials who represented that the helicopters would be going to a Cabinet member of the government of Zimbabwe. On August 14, 2008, Spitz was charged by a superseding indictment with illegal arms brokering activities. Spitz pleaded guilty to count one of the superseding indictment on September 12, 2008. The investigation was conducted by ICE and DCIS.

- ***U.S. – Origin Tools to Libya*** – On March 9, 2010, Uni-Arab Engineering and Oil Field Services, a firm incorporated in the United Arab Emirates and operated in part by two naturalized U.S. citizens, Jaime Radi Mustafa and Nureddin Shariff Sehweil, pleaded guilty in the Eastern District of Louisiana to violating U.S. sanctions against Libya and was sentenced to one year inactive probation, a \$60,000 fine, and \$400 special assessment. According to the plea agreement, Uni-Arab caused goods to be shipped from Texas to the Netherlands in 2001 and 2002, where they were repackaged and illegally shipped to Libya.
- ***BAE Systems PLC Pleads Guilty and Ordered to Pay \$400 Million*** – On March 1, 2010, BAE Systems PLC (BAES), a multinational defense contractor with headquarters in the United Kingdom, pleaded guilty in the District of Columbia to conspiracy to defraud the United States, conspiracy to make false statements about its Foreign Corrupt Practices Act compliance program, and conspiracy to violate the Arms Export Control Act (AECA) and International Traffic in Arms Regulations (ITAR). BAES was sentenced on March 1, 2010 to a \$400 million fine, 36 months probation, and a \$400 assessment. With respect to the conspiracy to violate AECA, BAES admitted to making false statements and failing to make required disclosures to the U.S. government in connection with the administration of certain regulatory functions, including statements and disclosures related to applications for arms export licenses, as required by the AECA and ITAR. As part of the licensing scheme, applicants are required to identify associated commissions to the State Department- whether they are legitimate commissions or bribes - paid to anyone who helps secure the sales of defense materials. BAES admitted that, as part of the conspiracy, it knowingly and willfully failed to identify commissions paid to third parties for assistance in soliciting, promoting or otherwise securing sales of defense items in violation of the AECA and ITAR. In one instance, BAES caused the filing of false applications for export licenses for Gripen fighter jets to the Czech Republic and Hungary by failing to tell the export license applicant or the State Department of £19 million BAES paid to an intermediary with the high probability that it would be used to influence that tender process to favor BAES. The case was investigated by the FBI and ICE, with assistance by DCIS and the General Services Administration, Office of Inspector General.
- ***Semi-Automatic Pistols to Cayman Islands*** – On February 23, 2010, a grand jury in the Southern District of Florida returned an indictment charging Junior Estiven with conspiracy to smuggle firearms, making false statements in connection with the acquisition of firearms, and possession of firearms with obliterated serial numbers. Estiven and others allegedly conspired to smuggle semi-automatic pistols to the Cayman Islands. Several other individuals were charged and pleaded guilty in connection with the scheme previously. David Gilbert Lyons, Mitchell Anthony Brown and Brittanio Jermie Watson were all indicted in the Southern District of Florida on May 5, 2009 in connection with the attempted illegal export of firearms to the Cayman Islands and other charges. Lyons was sentenced to 57 months in prison, while Brown was sentenced to 37 months in prison, and Walton was sentenced to 51 months in prison. In addition, Sheila Caraballo Madrigal was charged on September 14, 2009 with conspiracy to smuggle firearms, conceal shipment of firearms and acquire firearms by making false statements. She later pleaded guilty and was sentenced to three years probation. The investigation was conducted by ICE and ATF.
- ***Electronics to Designated Terror Entity in Paraguay*** – On February 19, 2010, federal authorities in the Southern District of Florida announced the indictment of four individuals and three Miami businesses on charges involving the illegal export of electronics to a U.S. designated terrorist entity in Paraguay. The defendants charged were Samer Mehdi, of Paraguay, Khaled T. Safadi, of Miami, Ulises Talavera, of Miami, Emilio Jacinto Gonzalez-Neira, of Paraguay, Cedar Distributors, Inc. (Cedar), a Miami-based firm owned by defendant Safadi, Transamerica Express

of Miami, Inc. (Transamerica), a Miami-based firm owned by defendant Talavera, and Jumbo Cargo, Inc. (Jumbo), a Miami-based firm owned by defendant Gonzalez-Neira. All were indicted on charges of conspiracy, violating the International Emergency Economic Powers Act and smuggling electronic goods from the United States to Paraguay. According to the indictment, from March 2007 through January 2008, freight-forwarders Talavera, through Transamerica, and Gonzalez-Neira, through Jumbo, exported Sony brand electronics, including Play station 2 consoles and digital cameras, to Samer Mehdi, owner of Jomana Import Export, an electronics business located within the Galeria Page, a shopping center in Ciudad del Este, Paraguay. Safadi, through Cedar, was a distributor of the electronics to the freight-forwarders. Since December 6, 2006, the shopping center known as Galeria Page in Ciudad del Este, Paraguay, has been designated as a Specially Designated Global Terrorist entity by the U.S. Treasury Department, on grounds that it serves as a source of fundraising for Hizballah in the Tri-Border Area and is managed and owned by Hizballah members in the Tri-Border Area. Consequently, any transaction or dealing by a U.S. person with Galeria Page is prohibited. The OFAC designation banned trade with Galeria Page and all tenants located therein. Gonzalez-Neira and Jumbo Cargo, Inc. pleaded guilty on September 15, 2010 to conspiracy violations and were later sentenced to 1 year probation and 1 year non-reporting probation, respectively. Defendants Safadi and Cedar Distributors, Inc. pleaded guilty on October 1, 2010 to conspiracy violations. Talavera and Transamerica Express of Miami pleaded guilty to conspiracy violations on October 20, 2010. On January 24, 2011, Safadi, Cedar Distributors, Inc., Talavera and Transamerica Express of Miami were sentenced. Safadi was sentenced to 6 months probation. Talavera was sentenced to 1 year probation. Cedar Distributors and Transamerica Express were each sentenced to 3 years probation. Samer Mehdi is on fugitive status. The investigation was conducted by ICE FBI, CBP, BIS, OFAC, and U.S. Secret Service.

- ***Economic Espionage / Theft of Space Shuttle and Rocket Secrets for China*** – On February 11, 2010 former Rockwell and Boeing engineer Dongfan “Greg” Chung was sentenced to 188 months imprisonment and three years supervised release after his July 16, 2009 conviction in the Central District of California. Chung was convicted of charges of economic espionage and acting as an illegal agent of the People’s Republic of China (PRC), for whom he stole restricted technology and Boeing trade secrets, including information related to the Space Shuttle program and the Delta IV rocket. According to the judge’s ruling, Chung served as an illegal agent of China for more than 30 years and kept more than 300,000 pages of documents reflecting Boeing trade secrets stashed in his home as part of his mission of steal aerospace and military trade secrets from Boeing to assist the Chinese government. Chung sent Boeing trade secrets to the PRC via the mail, via sea freight, via the Chinese consulate in San Francisco, and via a Chinese agent named Chi Mak. On several occasions, Chung also used the trade secrets that he misappropriated from Boeing to prepare detailed briefings that he later presented to Chinese officials in the PRC. Chung was originally arrested on February 11, 2008, in Southern California after being indicted on eight counts of economic espionage, one count of conspiracy to commit economic espionage, one count of acting as an unregistered foreign agent, one count of obstruction of justice, and three counts of making false statements to the FBI. The investigation was conducted by the FBI and NASA.
- ***Chemical Purchasing Software to Iran*** – On January 11, 2010, Ali Amirnazmi, of Berwyn, PA, was sentenced in the Eastern District of Pennsylvania to 48 months in prison for his February 13, 2009 conviction on one count of conspiracy to violate the International Emergency Economic Powers Act (IEEPA); three counts of violating IEEPA, three counts of making false statements; and three counts of bank fraud. Amirnazmi was also ordered to forfeit \$64,000 and to pay \$17,277 restitution to Penn Liberty Bank. Amirnazmi, the owner of Trantech Consultants, Inc., in Pa., was charged by superseding indictment in October 2008 with crimes relating to his

participation from 1996 to July 2008 in illegal business transactions and investments with companies located in Iran, including companies controlled in whole or in part by the government of Iran, as well as lying to federal officials about those transactions, and bank fraud. Evidence at trial revealed that Amirnazmi worked at the express direction of the highest echelons of the Iranian government, specifically President Mahmoud Ahmadinejad and his close advisors, to advance the Iranian petrochemical industry. Amirnazmi is a chemical engineer who, among other things, licensed to Iranian companies the use of a proprietary database and software system that he had developed. The software was designed to help buyers around the globe locate the best prices for various chemicals. Amirnazmi, a citizen of both the United States and Iran, was first indicted on July 25, 2008. The case was investigated by the FBI and IRS.

- ***Military Equipment to Yemen, Libya & Other Locations*** – On January 7, 2010, Ioannis Papathanassiou, of Vienna, Va., entered a guilty plea on behalf of his company, Taipan Enterprises, Ltd., in the Eastern District of Virginia for attempting to illegally broker the sale of weapons, night vision goggles and other military equipment to purchasers in Yemen, Libya, Chile and other nations. Taipan Enterprises was ordered to pay a fine of \$15,000. Court records indicate that Papathanassiou attempted to arrange the sale of Swiss-made machine pistols to a purchaser in Yemen, attempted to arrange the sale of Canadian night vision technology from Canada to Libya, attempted to arrange the sale of Canadian armored vehicles to the Chilean marine corps, attempted to arrange the sale of M4 rifles, gas grenades, armored vehicles and other military equipment to Chile, and attempted to arrange the sale of a number of military armored vehicles from a Belgian defense manufacturer to a Missouri-based company for final use in Vietnam. The investigation was conducted by ICE and CBP.
- ***Firearms to Mexico*** – On January 6, 2010, Daniel Bernardino was convicted in the Northern District of Texas on firearms and ammunition smuggling charges in connection with a nationwide investigation of the violent drug cartel, La Familia, and its efforts to smuggle firearms to Mexico in order to arm their personnel there. Seven individuals from the Fort Worth, TX, area were originally indicted along with Bernardino on firearms smuggling and related charges. They include Alberto Pulido, Juan Ramirez, Javier Rosales, Jesus Ortega, Gustavo Pulido, and Eduardo Flores. Although Alberto Pulido remains a fugitive, the other defendants have pleaded guilty for their roles in the conspiracy. Bernardino arrested on October 21, 2009. In December 2008, he and others were stopped north of the Texas border in a caravan of vehicles, one of which contained 33 firearms and 9,000 rounds of ammunition. On May 3, 2010, Defendants Ortega, Bernardino, and Gustavo Pulido were all sentenced. Defendant Ortega was sentenced to 48 months imprisonment, Defendant Bernardino was sentenced to 78 months imprisonment. Defendant Pulido was sentenced to 48 months imprisonment. On April 5, 2010, Defendants Lozano, Flores and Ramirez were all sentenced. Defendant Lozano was sentenced to 36 months imprisonment. Defendant Flores was sentenced to 57 months imprisonment. Defendant Ramirez was sentenced to 120 months imprisonment. This investigation was conducted by ATF and DEA.
- ***Firearms to Canada*** – On December 18, 2009, Ugur Yildiz, a former suburban Chicago gun shop owner, was sentenced in the Northern District of Illinois to 7½ years in prison for illegally exporting more than 200 firearms to Canada -- some of which were later used in violent crimes in Canada. Yildiz, of Park Ridge, Illinois, owned the Chicagoland Bells gun store. He was arrested and charged with violations of the Arms Export Control Act in a criminal complaint on June 19, 2009. According to court documents filed in the case, since 2006, Canadian law enforcement recovered 25 firearms in Canada that were registered to Yildiz, and all but one of these guns were recovered during the execution of search warrants in connection with investigations of drug and violent crimes. Two guns registered to Yildiz were traced to attempted homicides in Canada,

according to court documents, including a .45 caliber Glock recovered on September 22, 2006 pursuant to a shooting in Toronto. This case was investigated by ICE, ATF and DEA.

- ***Restricted Components to Iran*** – On December 17, 2009, James Larrison, of Avondale, AZ, pleaded guilty in the District of Delaware to a one-count criminal information charging him with violating the International Emergency Economic Powers Act. From August 2008, through February 2009, Larrison attempted to illegally export from the United States to Iran Hitachi JU-Z2 Junction Units (camera control box, 8-port multiple television camera control delegation switch). The charges result from an investigation launched after the seizure in October 2007 of a laptop computer from convicted Iranian procurement agent Amir Hossein Ardebili. Larrison was sentenced to probation on June 23, 2011 after providing substantial assistance to the government in its investigation of his former employer Aegis Electronic Group Inc, which entered into a deferred prosecution agreement with the government and paid a fine to the Treasury Department. This case was investigated by ICE.
- ***Military Electronics for Radar, Fighter Jets, and Missiles to Iran*** -- On December 2, 2009, criminal indictments were unsealed in the Districts of Delaware and Massachusetts relating to the prosecution of Iranian arms procurement agent Amir Hossein Ardebili. Defendant Ardebili pled guilty to these indictments on May 19, 2008. Ardebili pleaded guilty to multiple violations of the Arms Export Control Act, International Emergency Economic Powers Act, smuggling, conspiracy and money laundering. The charges result from a three year international undercover investigation which exposed Ardebili's role as a prolific arms acquisitions agent for the government of Iran. During the investigation, Ardebili negotiated the purchase and illegal export of a number of military components, including: QRS-11 Gyro Chip Sensors, which are used in numerous advanced aircraft, missile, space and commercial applications; MAPCGM0003 Phase Shifters, which perform a key function in electronically steered antennae and have many applications including phased array radar, which is used in military target acquisition and missile guidance; and Digital Air Data Computer, which is a replacement for the computer installed on the U.S. F-4 fighter aircraft used by Iran that calculates flight parameters including altitude, air speed, static pressure, mach number, and true angle of attack. Ardebili's negotiations with undercover agents culminated in a face-to-face meeting in the Republic of Georgia in October of 2007, after which Ardebili was arrested and extradited to the United States in January 2008. On December 14, 2009, Ardebili was sentenced to five years in prison, with credit for time served. He completed his prison term in February 2012 and was deported to Iran on March 14, 2012. The investigation was conducted by ICE and DCIS.
- ***Military & Commercial Aircraft Components to Iran*** – On November 5, 2009, Laura Wang-Woodford, a U.S. citizen who served as a director of Monarch Aviation Pte Ltd., a Singapore company that imported and exported military and commercial aircraft components for more than 20 years, was sentenced in the Eastern District of New York to 46 months in prison and ordered to forfeit \$500,000 for conspiring to violate the U.S. trade embargo by exporting controlled aircraft components to Iran. On March 13, 2009, Wang-Woodford pled guilty to the charges. She was arrested on December 23, 2007, at San Francisco International Airport after arriving on a flight from Hong Kong. She and her husband, Brian D. Woodford, a U.K. citizen who served as chairman and managing director of Monarch, were originally charged in a 20-count indictment on January 15, 2003. Brian Woodford remains a fugitive. A superseding indictment charging Wang-Woodford with operating Jungda International Pte. Ltd ("Jungda"), a Singapore-based successor to Monarch, was returned on May 22, 2008. According to the superseding indictment, the defendants exported controlled U.S. aircraft parts from the U.S. to Monarch and Jungda in Singapore and Malaysia and then re-exported those items to companies in Tehran, Iran, without obtaining the required U.S. government licenses. The defendants also falsely listed Monarch and

Jungda as the ultimate recipients of the parts on export documents filed with the U.S. government. The aircraft parts illegally exported to Iran include aircraft shields, shears, “o” rings, and switch assemblies, as well as U.S. military aircraft components, designed for use in Chinook military helicopters. At the time of her arrest, Wang-Woodford possessed catalogues from a Chinese company, the China National Precision Machinery Import and Export Corporation (“CPMIEC”), containing advertisements for surface-to-air missile systems and rocket launchers. CPMIEC has been sanctioned by the Treasury Department as a specially designated Weapons of Mass Destruction proliferator, based, in part, on CPMIEC’s history of selling military hardware to Iran. The investigation was conducted by BIS and ICE.

- ***Carbon-Fiber Material with Rocket & Spacecraft Applications to China*** – On October 8, 2009, three individuals were sentenced in the District of Minnesota for illegally exporting high-modulus, carbon fiber material to the China Academy of Space Technology. Jian Wei Ding was sentenced to 46 months in prison. Kok Tong Lim was sentenced to just over one year of confinement because of his cooperation in the case, while Ping Cheng was sentenced to one year probation due to his cooperation. On March 20, 2009, Ding pleaded guilty to one count of conspiracy to violate the Export Administration Regulations. Cheng entered his plea on February 13, 2009 and Lim entered his plea on March 9, 2009. All three men were indicted on October 28, 2008 for conspiring to illegally export to China controlled carbon-fiber material with applications in aircraft, rockets, spacecraft, and uranium enrichment process. The intended destination for some of the materials was the China Academy of Space Technology, which oversees research institutes working on spacecraft systems for the PRC government. For national security, nuclear proliferation and antiterrorism reasons, the U.S. government requires a license to export these carbon-fiber materials. Jian Wei Ding was a resident of Singapore and owned or was affiliated with various Singaporean import/export companies, including Jowa Globaltech Pte Ltd, FirmSpace Pte Ltd, and Far Easton Co. Pte Ltd. Kok Tong Lim was a resident of Singapore and once was affiliated with FirmSpace, Pte Ltd. Ping Cheng was a resident of New York and the sole shareholder of Prime Technology Corporation. This investigation was conducted by ICE and BIS.
- ***Sensitive Aircraft Components to Iran*** – On September 24, 2009, Aviation Services International (ASI), a Netherlands-based aviation services company, its owner, Robert Kraaiipoel, and his son Robert Neils Kraaiipoel, pleaded guilty in the District of Columbia to a one-count criminal information alleging conspiracy to violate the International Emergency Economic Powers Act (IEEPA) and the Iranian Transactions Regulations. From about October 2005 to about October 2007, the defendants received orders from customers in Iran for U.S.-origin goods, including various aircraft components that were restricted from being transshipped into Iran. The defendants then contacted companies in the United States and negotiated purchases of materials on behalf of Iranian customers. The defendants provided false end-user certificates to certain U.S. companies to conceal that customers in Iran would be the true recipients of the goods. The goods were routed to Iran through the Netherlands, the United Arab Emirates, and Cyprus. In 2006 alone, Aviation Services obtained some 290 aircraft-related components from the U.S. and caused them to be shipped to Iran. Many of these U.S.-origin goods were sent to Iranian government agencies, Iranian procurement agencies or companies doing business in Iran. ASI agreed to pay a \$100,000 fine and corporate probation for five years. On June 12, 2012, the Kraaiipoels were sentenced to probation as a result of their cooperation in a number of investigations. The investigation was conducted by BIS, ICE, DCIS and FBI.
- ***Sighting Devices to Afghanistan and Taiwan*** – On September 18, 2009, Aaron Henderson, doing business as Vahalla Tactical Supply, pleaded guilty in the Southern District of Iowa to a criminal information, arising from his illegal export of restricted sighting devices to Taiwan and Afghanistan without the required export licenses. Henderson was sentenced to time served and

two years-supervised release. The investigation was conducted by BIS, ICE and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

- ***Restricted Integrated Circuits with Military Applications to China*** – On August 3, 2009, William Chai-Wai Tsu, an employee of a Beijing-based military contracting company called Dimigit Science & Technology Co. Ltd, and the vice president of a Hacienda Heights, CA, front company called Cheerway, Inc., was sentenced in the Central District of California to 40 months in prison. Tsu illegally exported more than 400 restricted integrated circuits with applications in military radar systems to China over a 10-month period, according to court documents. These dual-use items are restricted for export for national security reasons. Tsu purchased many of the items from U.S.-distributors after falsely telling these U.S. companies that he was not exporting the circuits abroad. According to court documents, Tsu supplied restricted U.S. technology to several customers in China, including the “704 Research Institute,” which is known as the “Aerospace Long March Rocket Technology Company” and is affiliated with the state-owned China Aerospace Science & Technology Corporation. Tsu’s employer in China, Dimigit, boasted in brochures that its mission was “providing the motherland with safe, reliable and advanced electronic technical support in the revitalization of our national military industry.” Tsu was indicted in the Central District of California on February 6, 2009 on charges of violating the International Emergency Economic Powers Act. He later pleaded guilty to two federal counts of the indictment on March 13, 2009. This case was the product of an investigation by the Export and Anti-proliferation Global Law Enforcement (EAGLE) Task Force in the Central District of California, which includes BIS, ICE, FBI, CBP, Diplomatic Security Service and the Transportation Security Administration.
- ***Restricted Thermal Imaging Technology to China*** – On July 27, 2009, Zhi Yong Guo, a resident of Beijing, was sentenced in the Central District of California to 60 months in prison, while Tah Wei Chao, also a resident of Beijing, was sentenced to 20 months in prison. Both were sentenced in connection with a plot to procure and illegally export thermal-imaging cameras to the People’s Republic of China without obtaining the required export licenses. Guo and Chao were indicted on federal charges on July 17, 2008. Chao pleaded guilty to three federal counts in July 2008. On February 23, 2009, following a one-week trial, Guo was convicted of two federal counts. The case related to ten cameras concealed in luggage destined for China in April 2008. The export of these thermal-imaging cameras to China are controlled by the Department of Commerce for national security and regional stability reasons because of their use in a wide variety of civilian and military applications. In March 2008, Chao ordered 10 thermal-imaging cameras from FLIR Systems, Inc. for \$53,000. Representatives from FLIR Systems repeatedly warned Chao that the cameras could not be exported without a license. Both Chao and Guo were arrested at Los Angeles International Airport in April 2008 after authorities recovered the ten cameras that had been hidden in their suitcases. In addition to the 10 cameras intercepted by federal authorities, Chao admitted that, acting at the behest of Guo, he shipped three cameras to China in October 2007. The evidence at trial showed that Guo, an engineer and a managing director of a technology development company in Beijing, directed Chao to obtain the cameras for Guo’s clients, the Chinese Special Police and the Special Armed Police. This case was the product of an investigation by the Export and Anti-proliferation Global Law Enforcement (EAGLE) Task Force in the Central District of California, including BIS, ICE, FBI, CBP, DSS, and TSA.
- ***Military Technical Data on Unmanned Aerial Vehicles to China*** – On July 1, 2009, Dr. John Reece Roth was sentenced in the Eastern District of Tennessee to 48 months in prison, two years supervised release and a \$1,700 assessment for illegally exporting sensitive military technical data related to a U.S. Air Force contract. Roth, a former Professor Emeritus at the University of Tennessee, was convicted on September 2, 2008 of 15 counts of violating the Arms Export

Control Act, one count of conspiracy, and one count of wire fraud. Roth had illegally exported military technical data relating to plasma technology designed to be deployed on the wings of Unmanned Aerial Vehicles (UAVs) or “drones” operating as weapons or surveillance systems. The illegal exports involved technical data related to an Air Force research contract that Roth provided to foreign nationals from China and Iran. In addition, Roth carried multiple documents containing controlled military data with him on a trip to China and caused other controlled military data to be e-mailed to an individual in China. On August 20, 2008, Atmospheric Glow Technologies, Inc (AGT), a privately-held plasma technology company in Tennessee, also pleaded guilty to charges of illegally exporting U.S. military data about drones to a citizen of China in violation of the Arms Export Control Act. AGT was sentenced on February 12, 2010 to a \$4,000 assessment and a \$25,000 fine. Roth and AGT were first charged on May 20, 2008. In a related case, on April 15, 2008, Daniel Max Sherman, a physicist who formerly worked at AGT, pleaded guilty to an information charging him with conspiracy to violate the Arms Export Control Act in connection with this investigation. Sherman was later sentenced to 14 months in prison on August 10, 2009 after cooperating in the investigation. The investigation was conducted by the FBI, ICE, U.S. Air Force Office of Special Investigations, DCIS and BIS.

- ***Missiles & Other Arms to Colombian Terror Organization*** – On July 1, 2009, Palestinian born businessman Tareq Mousa al-Ghazi was sentenced in the Southern District of New York to 25 years in prison after his March 17, 2009 conviction for conspiring with Syrian arms dealer, Monzer Al-Kassar, and others in a plot to sell surface-to-air missiles, 4,000 grenades, and nearly 9,000 assault rifles to the Fuerzas Armadas Revolucionarias de Colombia, or FARC, a designated terrorist organization in Colombia. Al-Ghazi was found guilty of conspiracy to murder U.S. officers and employees, conspiracy to acquire and export anti-aircraft missiles, and conspiracy to provide material support to terrorists. Al-Ghazi’s co-defendants, Monzer al-Kassar and Luis Felipe Moreno Godoy, were both convicted at trial on November 20, 2008 in connection with the same conspiracy and were sentenced on February 24, 2009 to 30 years imprisonment and 25 years imprisonment, respectively. In June 2007, Al Kassar was arrested in Spain, while Moreno and El Ghazi were arrested in Romania pursuant to a May 29, 2007 indictment alleging that they agreed to sell millions of dollars worth of surface-to-air missiles, rocket-propelled grenade launchers, ammunition, and machine guns to the FARC, between February 2006 and May 2007. Al Kassar also offered to send 1,000 men to fight with the FARC against U.S. military officers in Colombia. On June 13, 2008, Al Kassar arrived in New York after being extradited from Spain. Since the early 1970s, Al Kassar has been a source of weapons and military equipment for armed factions engaged in violent conflicts around the world. Some of these factions have included known terrorist organizations, such as the Palestinian Liberation Front, the goals of which included attacking United States interests and United States nationals. The investigation was conducted by the Drug Enforcement Administration, Spanish National Police and Romanian Border Police
- ***Military Night Vision Technology to China*** – On July 1, 2009, Bing Xu, of Nanjing, China, was sentenced in the District of New Jersey to 22 months in prison followed by two years of supervised release after pleading guilty on February 24, 2009, to conspiracy to illegally export military-grade night vision technology to China. Xu, a manager at Everbright Science and Technology, Ltd, a company in Nanjing, China, admitted that he conspired with others at Everbright to purchase certain night-vision technology from a company in the United States, which required a license from the State Department for export. Xu admitted that he and others at Everbright first attempted to obtain the necessary export license for the night-vision equipment. When the license application was denied by the Department of State, Xu agreed with others at Everbright to take steps to export the night-vision optical equipment illegally. Xu has been in custody since his arrest in on October 2007 pursuant to a criminal complaint. Xu arrived in New

York on October 26, 2007 from China a day after his Chinese employer wire transferred \$14,080 to agents as payment for the purchase of the equipment. The investigation was conducted by ICE and the DCIS.

- ***Restricted Nuclear Materials to Foreign Government*** – On June 18, 2009, Roy Lynn Oakley, of Harriman, Tenn., was sentenced in the Eastern District of Tennessee to six years in prison for unlawful disclosure of restricted data under the Atomic Energy Act in connection with his efforts to sell materials used in the production of highly enriched uranium to a foreign government. Oakley pleaded guilty to this offense on January 26, 2009. Oakley had worked as a contract employee at the East Tennessee Technology Park (ETTP), in Oak Ridge, Tenn., which was previously a Department of Energy facility that produced highly enriched uranium. While employed at ETTP, Oakley stole restricted nuclear materials from the facility and offered them for sale to the French government. The French government officials did not pursue the purchase of these items. The FBI launched an undercover investigation posing as an agent of the foreign government and arrested Oakley after he offered them the nuclear materials in exchange for \$200,000 cash. The materials involved were pieces of equipment known as “barrier” and associated hardware items that play a crucial role in the production of highly enriched uranium. The investigation was conducted by the FBI and Department of Energy.
- ***Fighter Jet and Military Helicopter Components to Iran*** – On June 11, 2009, Traian Bujduveanu was sentenced in the Southern District of Florida to 35 months in prison followed by three years supervised release for his role in a conspiracy to illegally export military and dual-use aircraft parts to Iran. Bujduveanu appeared on behalf of himself and his now defunct corporation, Orion Aviation Corp., in federal court to announce his guilty plea on April 2, 2009. Bujduveanu’s co-defendant, Hassan Keshari, and his corporation, Kesh Air International, pleaded guilty in January 2009 to charges of conspiring to illegally export military and commercial aircraft components to Iran. Keshari was sentenced to 17 months in prison on May 14, 2009. On July 3, 2008, Keshari, Kesh Air International, as well as Bujduveanu, and his company Orion Aviation, were indicted for their participation in a conspiracy to export U.S.-made military and dual-use aircraft parts to Iran. In June 2008, agents arrested Keshari at Miami International Airport as he walked off a flight from Atlanta. Bujduveanu was arrested at his Plantation, Florida, home on June 21, 2008. Since August 2006, Keshari and Bujduveanu have allegedly procured U.S.-made military aircraft parts for buyers in Iran and have illegally shipped the parts to a company in Dubai, UAE, for shipment to buyers in Iran. Keshari allegedly received the orders for specific parts by e-mail from buyers in Iran. Keshari then requested quotes, usually by e-mail, from Bujduveanu and made arrangements with Bujduveanu for the sale and shipment of the parts to a company in Dubai. From Dubai, the parts were then shipped on to Iran. Keshari and Bujduveanu are alleged to have obtained and illegally shipped to buyers in Iran parts for the CH-53 military helicopter, the F-14 Tomcat fighter jet, and the AH-1 attack helicopter. Keshari is also alleged to have requested quotes for other parts for other military aircraft, including F-4 Phantom aircraft. This investigation was conducted by BIS, ICE, and DCIS.
- ***Thermal Imaging Cameras to China*** – On May 7, 2012, Hing Shing Lau, also known as Victor Lau, a foreign national living in Hong Kong, Peoples Republic of China, was sentenced in the Southern District of Ohio to 10 months in prison followed by 2 years supervised release. Previously, on May 3, 2012, Lau pleaded guilty to two counts of violating export control laws. On June 9, 2009, a federal grand jury in the Southern District of Ohio indicted Lau on charges of trying to buy 12 infrared thermal imaging cameras from a Dayton-area company in order to illegally export the cameras to Hong Kong and China. The indictment alleges that Lau tried to buy 12 thermal imaging cameras manufactured in Texas by contacting a company in the Dayton area. On three occasions, he wire transferred a total of \$39,514 from Hong Kong to the U.S. as

partial payment for the cameras. The indictment charges Lau with two counts of violating export control laws and four counts of money laundering. Canadian authorities arrested Lau on June 3, 2009, at the Toronto International Airport pursuant to a provisional arrest warrant issued by U.S. authorities. The investigation was conducted by the FBI, and BIS, with the assistance of the U.S. Department of State.

- ***Stolen Military Optics Sold to Hong Kong, Taiwan and Japan via Internet*** – On June 1, 2009, in the Southern District of West Virginia, former U.S. Marines Timothy Oldani and Joseph Oldani were ordered to serve five months in prison and pay \$52,872 in restitution, and 21 months in prison and \$72,013 in restitution, respectively, for conspiring to steal military night vision optics and illegally export them from the United States. On February 2, 2009, the Oldani brothers pleaded guilty. Joseph admitted that while on active duty with the Marines, he stole military optics from his station in Georgia and transported them to his brother Timothy in West Virginia, where Timothy sold the stolen items to overseas purchasers on the Internet, primarily via eBay. The pair sold miniature night vision sights and target pointer illuminators via the Internet to purchasers in Hong Kong, Taiwan, and Japan. The investigation was conducted by DCIS and ICE.
- ***Amplifiers & Missile Target Acquisition Technology to China*** – On May 14, 2009, Joseph Piquet, the owner and President of AlphaTronX, a company in Port St. Lucie, Fla., that produces electronic components, was sentenced in the Southern District of Florida to 60 months in prison followed by two years supervised release. On March 5, 2009, he was convicted of seven counts arising from a conspiracy to purchase military electronic components from Northrop Grumman Corporation, and to ship them to Hong Kong and the People's Republic of China without first obtaining required export licenses under the Arms Export Control Act and the International Emergency Economic Powers Act. Among those items involved in the conspiracy were high-power amplifiers designed for use by the U.S. military in early warning radar and missile target acquisition systems, as well as low noise amplifiers that have both commercial and military use. Piquet was first indicted on June 5, 2008, along with his company, AlphaTronX, Inc., as well as Thompson Tam, and Ontime Electronics Technology Limited. Tam is a director of Ontime Electronics, an electronics company in China. On March 2, 2009, the Court ordered the dismissal of the indictment against AlphaTronX. This investigation was conducted by BIS and ICE.
- ***Military Night Vision Goggles to Italy*** – On May 12, 2009, Rigel Optics, Inc. was sentenced in the Southern District of Iowa to pay a \$90,000 fine and a \$400 special assessment for illegally exporting military night vision goggles to Italy. Rigel's owner, Donald Wayne Hatch, was sentenced to two years probation and ordered to pay a \$5,000 fine for making false statements in connection with the illegal export. On July 31, 2008, the defendants pleaded guilty to these violations. The defendants were indicted on June 24, 2008 for illegally exporting military night vision systems. The case was investigated by ICE and BIS.
- ***Rocket / Space Launch Technical Data to China*** – On April 7, 2009, Shu Quan-Sheng, a native of China, naturalized U.S. citizen and PhD physicist, was sentenced to 51 months in prison for illegally exporting space launch technical data and defense services to the People's Republic of China (PRC) and offering bribes to Chinese government officials. Shu pleaded guilty on November 17, 2008, in the Eastern District of Virginia to a three-count criminal information. He was arrested on September 24, 2008. He was the President, Secretary and Treasurer of AMAC International, a high-tech company located in Newport News, Va., and with an office in Beijing, China. Shu provided the PRC with assistance in the design and development of a cryogenic fueling system for space launch vehicles to be used at the heavy payload launch facility located in

the southern island province of Hainan, PRC. The Hainan facility will house launch vehicles designed to send space stations and satellites into orbit, as well as provide support for manned space flight and future lunar missions. Shu also illegally exported to the PRC technical data related to the design and manufacture of a “Standard 100 M3 Liquid Hydrogen (LH) 2 Tank. In addition, Shu offered approximately \$189,300 in bribes to government officials with the PRC’s 101 Institute to induce the award of a hydrogen liquefier project to a French company he represented. In January 2007, the \$4 million hydrogen liquefier project was awarded to the French company that Shu represented. This investigation was conducted by the FBI, ICE, BIS and DCIS.

- ***Military Aircraft Components to Iran*** – On April 2, 2009, eleven defendants were indicted in the Southern District of Florida on charges of participating in a conspiracy to export U.S.-made military aircraft parts to Iran. On April 3, 2009, federal agents arrested defendant Baktash Fattahi, an Iranian national and legal U.S. resident, at his residence in Lancaster, Calif. The other ten defendants charged in the indictment are Amir Hosein Atabaki, an Iranian national; Mohammad Javad Mohammad Esmaeil, an Iranian national; Abbas Haider, an Indian citizen residing in Dubai; Mohammed Javid Yahya Saboni, an Iranian national residing in Dubai; Reza Zahedi Pour, an Iranian national; Mahdi Electronic Trading Co, an Iranian business; Planet Commercial Brokerage, a Dubai business; Raht Aseman Co, Ltd, an Iranian business; Sahab Phase, an Iranian business; and Sea Speed UAE, a Dubai business. According to the indictment, the defendants conspired to and did export 13 different types of military aircraft parts to Iran by way of Dubai, United Arab Emirates. Among the aircraft parts the defendants are alleged to have obtained and illegally shipped to buyers in Iran are parts for the F-5 (“Tiger”) Fighter Jet, the Bell AH-1 (“Cobra”) Attack Helicopter, the CH-53 Military Helicopter, the F-14 (“Tomcat”) Fighter Jet, and the UH-1 (“Huey”) Military Helicopter. According to the Indictment, defendants in Iran sent orders by email to a co-conspirator in Novato, Calif., for specific aircraft parts. The co-conspirator in Calif. then requested quotes, usually by e-mail, from another co-conspirator in Plantation, Fla., and made arrangements with that co-conspirator in Plantation for the sale and shipment of the parts to one of several defendants in Dubai. From Dubai, the parts were then shipped on to Iran. On March 10, 2010, Baktash Fattahi pleaded guilty to conspiracy to violate the International Emergency Economic Powers Act by exporting military and commercial aircraft parts to Iran and was sentenced to 35 months in prison on July 20, 2010. This investigation was conducted by ICE, DCIS, Diplomatic Security Service, with assistance from OFAC and State Department’s Directorate of Defense Trade Controls.
- ***Military Aircraft Parts to Israel*** – On April 2, 2009, Stuart Wax pleaded guilty in the District of Connecticut to a one-count criminal information charging him with making a false statement in an export control document. Wax entered the plea both for himself and on behalf of his company, M.M.M. Wheels, Inc. In 2003, Wax exported parts used in the F-4 fighter jet to be sent to a company in Israel without the required license from State Department. Wax indicated on the shipping documents that the box contained “plumbing parts for repair,” although he knew the contents actually were parts for military aircraft. On September 10, 2009, Wax and M.M.M. Wheels, Inc., were sentenced to one year probation apiece. This investigation was conducted by ICE, DCIS, and BIS agents.
- ***Thermal Imaging Cameras to South Korea*** – On March 25, 2009, David Lee plead guilty in the Northern District of Illinois to a one count indictment charging that he illegally exported thermal imaging cameras to South Korea without obtaining the required export license. Lee, the owner of Lucena Technology, Inc., an export company in Park Ridge, Ill., exported seven thermal imaging cameras to South Korea in June 2007 without obtaining the required U.S. Department of

Commerce export license. Under the terms of the plea agreement, Lee agreed to forfeit \$59,500 which represents the proceeds from the sale of the cameras. Lee was originally indicted on December 16, 2008. On June 29, 2009, Lee was sentenced to two years probation and a \$3,000 fine. The investigation was conducted by BIS and U.S. Customs and Border Protection.

- ***Aircraft Engines and Components to Iranian Military*** – On March 24, 2009, a 25-count indictment was unsealed in the District of Columbia charging Mac Aviation Group, a trading company in Ireland, and three of its officers with purchasing aircraft engines and components from U.S. firms and illegally exporting these components to Iran via Malaysia and the United Arab Emirates. Among the alleged recipients of these goods was the Iran Aircraft Manufacturing Industrial Company (HESA), a military entity designated by the U.S. for its role in Iran's nuclear and ballistic missile program, as well as Iran Aircraft Industries (IACI). The three Mac Aviation officers charged in the indictment, which was filed on July 22, 2008, are Thomas McGuinn, his son, Sean McGuinn, and Sean Byrne. According to the indictment, the defendants purchased 17 aircraft engines from Rolls-Royce in Indiana and caused them to be exported to a publishing company in Malaysia, and later shipped on to HESA in Iran. The indictment also alleges that the defendants purchased 50 aircraft components known as "5th Stage vanes" from the United States and illegally exported them to Iran, and also obtained various U.S.-origin aircraft bolts, which they routed through a trading company in the United Arab Emirates to Iran. The defendants are alleged to have worked with Hossein Ali Khoshnevisrad and his Tehran business, Ariasa, AG, in purchasing some of these components for Iran. Khoshnevisrad was arrested on March 14, 2009 in San Francisco on federal export violations. This case was investigated by ICE and BIS.
- ***Sensitive U.S. Technology to Iranian Missile & Nuclear Entities*** -- On March 20, 2009, Iranian national and resident Majid Kakavand was arrested in France pursuant to a provisional U.S. arrest warrant issued in the Northern District of California. An April 7, 2009 indictment charges Kakavand and two co-defendants, Amir Gasemi and Alex Ramzi, with overseeing an international network that allegedly purchased thousands of military and commercial items from U.S. companies and illegally exported these goods to Iran via Malaysia. The alleged recipients of these goods included two Iranian military entities designated by the United States for their role in Iran's nuclear and ballistic missile program. According to court documents, Kakavand served as a director of a company in Malaysia called Evertop Services Sdn Bhd, that he and others created to procure goods from the United States and Europe for export to Iran. Gasemi was also a director of Evertop Services, while Ramzi served as the purchasing supervisor. Evertop Services' primary customers in Iran were two Iranian military entities, Iran Electronics Industry (IEI), and Iran Communication Industries (ICI), both of which were designated in 2008 by the United States for their role in Iran's nuclear and ballistic missile programs. Furthermore, IEI was listed by the European Union as an entity linked to Iran's proliferation-sensitive nuclear activities or Iran's development of nuclear weapon delivery systems. Using Evertop Services, Kakavand and his co-defendants allegedly purchased products for Iran from U.S. companies in several states, including California, Alabama, Florida, Washington, and New Jersey. Kakavand has allegedly exported more than 30 shipments of goods from the United States to Iran since February 2006. These shipments contained electronic and avionic components, including capacitors, spectrometers, resistors, sensors, connectors, and airborne antennae. Kakavand allegedly concealed from the U.S. companies that the ultimate end-users of these products were in Iran, and at no time did he have a license to export or re-export goods to Iran. For example, in one transaction, Kakavand allegedly purchased 41,900 radial connectors from a company in California and, in January 2008, wired \$51,425 to the firm as payment for the goods. The affidavit indicates that these goods were exported from the United States to Evertop Services in Malaysia, then re-exported to ICI in Iran. In other transactions spelled out in the affidavit, Kakavand used similar techniques to illegally export sensors, inductors and other materials to Iran. On May 5, 2010, the U.S.

extradition request for Kakavand was denied by a French court. Kakavand was released by French authorities and returned to Iran. This investigation was conducted by BIS and ICE.

- ***Aircraft Engines and Advanced Surveillance Cameras to Iranian Military*** -- On March 14, 2009, Hossein Ali Khoshnevisrad, the general manager of Ariasa, AG in Tehran, Iran, and Skylife Worldwide Sdn. Bhd, in Kuala Lumpur, Malaysia, was arrested in San Francisco pursuant to a sealed criminal complaint charging him with purchasing helicopter engines and advanced aerial cameras for fighter bombers from U.S. firms and illegally exporting them to Iran using companies in Malaysia, Ireland and the Netherlands. Among the alleged recipients of these U.S. goods was an Iranian military firm that has since been designated by the United States for being owned or controlled by entities involved in Iran's nuclear and ballistic missile program. The criminal complaint, which was filed under seal in the District of Columbia on August 1, 2008, charged Khoshnevisrad with two counts of unlawfully exporting U.S. goods to Iran and two counts of conspiracy to unlawfully export U.S. goods to Iran in violation of the International Emergency Economic Powers Act. According to court documents, from January 2007 through December 2007, Khoshnevisrad and Ariasa caused Mac Aviation Group, a trading company in Ireland, to purchase 17 model 250 turbo-shaft helicopter engines from Rolls-Royce Corp. in Indiana for \$4.27 million. Mac Aviation allegedly concealed from Rolls-Royce the end user of the engines, and ultimately 15 of these engines were exported from the U.S. to Iran via Malaysia or Germany. Among the recipients in Iran was the Iran Aircraft Manufacturing Industrial Company, known as HESA, which was designated by the United States for being controlled by Iran's Ministry of Defense and Armed Forces Logistics and providing support to the Iranian Revolutionary Guard Corps. According to the complaint, Khoshnevisrad and Ariasa also caused to be exported to Iran 10 aerial panorama cameras from the United States. These cameras were designed for the U.S. Air Force for use on bombers, fighters and surveillance aircraft, including the F-4E Phantom fighter bomber, which is currently used by the Iranian military. According to the affidavit, in 2006, Khoshnevisrad instructed Aviation Services International, B.V., (ASI) a Dutch aviation parts company, to place an order for 10 of these cameras with a U.S. company located in Pennsylvania and to ship them to an address in Iran. According to the affidavit, ASI ordered the aerial panorama cameras from the Pennsylvania firm, falsely stating that the Netherlands would be the final destination for the cameras. Khoshnevisrad ultimately pleaded guilty on July 1, 2009, to a two-count information charging him with conspiracy to export goods (the Rolls Royce engines) to an embargoed nation and illegally exporting defense articles (aerial panorama cameras) to Iran. On June 2, 2010, he was sentenced to 15 months in prison for each count, to run concurrently. This investigation was conducted by BIS, FBI, ICE and DCIS.
- ***Miniature Unmanned Aerial Vehicle Components to China*** -- On March 12, 2009, a federal grand jury in the District of Columbia returned an indictment charging Yaming Nina Qi Hanson, her husband Harold Dewitt Hanson (an employee at Walter Reed Army Medical Center), and a Maryland company, Arc International, LLC, with illegally exporting miniature Unmanned Aerial Vehicle (UAV) Autopilots to a company in the People's Republic of China. The UAV components are controlled for export to China for national security reasons. According to court documents, beginning in 2007, the Hansons began attempting to acquire the autopilots from a Canadian manufacturer in order to re-export them to Xi'an Xiangyu Aviation Technical Group in China. Qi Hanson initially represented that the autopilots would be used for a model airplane civilian flying club in China. When Canadian company officials questioned the utility of autopilots – designed for use on unmanned aircraft – for flying club hobbyists, Qi Hanson claimed that autopilots would be used on US aircraft to record thunderstorm and tornado developments and ice-pack melting rates in the arctic. On or about August 7, 2008, after having fraudulently taken delivery of 20 of these autopilots (valued at \$90,000), Qi Hanson boarded a

plane in the United States bound for Shanghai, and hand-delivered the items to Xi'an Xiangyu Aviation Technical Group in China. Both Hansons ultimately pleaded guilty on November 13, 2009 to felony false statement violations. On February 3, 2010, Harold Dewitt Hanson was sentenced to 24 months imprisonment, while his wife, Yaming Nina Qi Hanson was sentenced to time served. The investigation was conducted by BIS and FBI.

- ***3,500 Military Night Vision Goggles to Iranian military*** – On March 6, 2009, Shahrazad Mir Gholikhan was sentenced in the Southern District of Florida to 63 months in prison for brokering defense articles to Iran and other export violations in connection with an effort by she and her husband, Mahmoud Seif, to illegally procure 3,500 sets of Generation III military night vision goggles from the United States for Iran's military and police forces. Gholikhan was convicted of the charges on December 19, 2008. Gholikhan and her husband were first arrested in 2004 in Vienna, Austria, after a meeting with undercover law enforcement officials in which they received the first sample shipment of U.S. night vision goggles destined for Iran. After her arrest, Gholikhan told authorities that she and her husband were not allowed to transport the items from Austria to Iran, but that the Iranian Embassy in Austria was to organize the shipment of night vision goggles to Iran. Austrian authorities subsequently released the couple and they returned to Iran. Seif remains a fugitive. Gholikhan was arrested by U.S. authorities in December 2007 upon her arrival in the United States. She later pleaded guilty to one count of conspiracy. However, she subsequently withdrew the plea after a dispute over her sentence and represented herself at a new trial in 2008, where she was convicted of three of six counts. This investigation was conducted by ICE, DCIS, and Austrian law enforcement.
- ***Pump Components to Iran*** – On February 5, 2009, two German nationals and a German company were indicted in the District of Massachusetts for conspiring to illegally export pump parts worth more than \$200,000 to Iran in violation of the International Emergency Economic Powers Act. According to the indictment, Hans Schneider and Christof Schneider conspired with an individual in Jordan to obtain pump parts from a U.S. company for centrifugal sulphuric acid and sulphur pumps located in Iran. The pump parts would be delivered to Germany and re-exported to Iran by the defendants via their company, Schneider GmbH. The case was investigated ICE and BIS.
- ***Restricted Electronic Components to China*** – On January 20, 2009, Michael Ming Zhang and Policarpo Coronado Gamboa were arrested pursuant to indictments in the Central District of California charging them with separate schemes involving the illegal export of controlled U.S. electronic items to China and the illegal trafficking of counterfeit electronic components from China into the United States. Zhang was the president of J.J. Electronics, a Rancho Cucamonga, CA, business, while Gamboa owned and operated Sereton Technology, Inc., a Foothill Ranch, CA, business. Zhang allegedly exported to China dual-use electronic items that have uses in U.S. Army battle tanks. He also allegedly imported and sold in the United States roughly 4,300 Cisco electronic components bearing counterfeit marks from China. Gamboa is charged with conspiring with Zhang to import Sony electronic components with counterfeit marks from China for distribution in the United States. On July 9, 2009, Gamboa pleaded guilty one count of the indictment and was later sentenced to 5 years probation and was ordered to pay \$13,600 restitution to Sony Electronics. On July 6, 2009, Zhang pleaded guilty to count one in each of the indictments. The case was investigated by the FBI, BIS, DCIS, ICE, the U.S. Postal Inspection Service, and the Orange County Sheriff's Department, in conjunction with the EAGLE Task Force in the Central District of California.

- ***Night Vision Technology to Singapore*** – On January 15, 2009, Thomas J. Loretz was indicted in the District of Massachusetts for illegally exporting defense articles and making false statements in connection with the illegal export of sophisticated night vision technology to Singapore. Specifically, Loretz was charged with illegally exporting to Singapore hundreds of Imaging Grade Micro-Channel Plates and Premium Grade Micro-Channel Plates, which are used for military night vision optics. Loretz allegedly submitted false shipper's export documents to the government stating that the plates were commercial. Loretz pleaded guilty to four counts of the indictment on March 8, 2010. The investigation was conducted by ICE.
- ***Military Night Vision Systems to Vietnam*** -- On December 16, 2008, federal authorities arrested Liem Duc Huynh pursuant to a December 3, 2008 indictment in the Central District of California charging him and two other defendants Dan Tran Dang and George Ngoc Bui with Arms Export Control Act violations. Dang is expected to make his initial court appearance in January 2009, while Bui remains a fugitive. According to the indictment, the defendants ran an export business called Professional Security, out of a Huntington Beach, California, residence, which illegally shipped at least 55 state-of-the-art night vision goggles to Vietnam in violation of the Arms Export Control Act. The three men are accused of conspiring to illegally ship Generation 3 Night Vision Goggles manufactured by ITT Industries to Vietnam. Because the goggles are classified as a "defense article" on the U.S. Munitions List, written permission must be obtained from the U.S. Department of State to legally export them. The charges against the men stem from an undercover investigation by ICE, the U.S. Naval Criminal Investigative Service (NCIS) and BIS.
- ***Software Stolen From Nuclear Plant to Iran*** – On December 16, 2008, Mohammad Reza Alavi, a former employee of the Palo Verde Nuclear Generating Station in Arizona, was sentenced in the District of Arizona to 15 months in prison for illegally accessing a protected computer and for transportation of stolen software. On June 25, 2008, Alavi pleaded guilty to transporting stolen property in interstate commerce, in connection with his theft of software belonging to the Arizona nuclear plant that was valued at \$400,000. On May 28, 2008 a jury also convicted Alavi of unauthorized access to a protected computer. Alavi served as a software engineer in the Simulator Support Group at the nuclear plant, which maintained a simulator system to train control room employees on the operation of nuclear reactors. The simulator system utilizes software to replicate current reactor status at Palo Verde allowing an operator to artificially create various incidents to train employees on safety and protocol procedures. The government presented evidence at trial that, after Alavi gave Palo Verde notice of his intent to terminate employment, he installed this software on his personal laptop without permission of Palo Verde. Alavi admitted that he took the software to Iran for use in future employment in the nuclear industry. Alavi's conduct was uncovered when he accessed the software vendor's website from Iran and obtained a code which allowed the software to be unlocked and activated. Alavi was indicted on April 12, 2007, following his arrest that month upon returning to the United States. The FBI conducted the investigation.
- ***Guns to Canada*** – On December 15, 2008, Kurt Carter was sentenced in the District of Maine to 31 months imprisonment and two years of supervised release for his role in a conspiracy to export firearms without a license to Canada. Over the course of 2005 and 2006, Carter, a U.S. citizen, knowingly and willfully made a series of straw purchases for a Canadian buyer who smuggled guns across the northern border. Those guns were later connected to drug trafficking and gang violence in Canada. Carter pled guilty on September 24, 2007 to one count of conspiracy to violate the Arms Export Control Act. This investigation was conducted by the ATF, ICE, and local law enforcement.

- ***Military Night Vision Equipment to Hizballah*** -- On December 12, 2008, in the Eastern District of Michigan, Fawzi Assi was sentenced to 10 years' imprisonment for attempting to provide material support to Hizballah, a foreign terrorist organization. Assi's offense conduct took place in 1998, when he attempted to board an airplane at Detroit Metro Airport with restricted military items destined for two men in Lebanon whom he believed to be members of Hizballah. Specifically he attempted to illegally export night vision goggles, global positioning satellite modules, and a thermal imaging camera. Assi pled guilty on November 29, 2007. Assi had been a fugitive until he voluntarily surrendered to the FBI in Lebanon and was flown to the United States on May 17, 2004. The case was investigated by the FBI and ICE.
- ***Stolen Trade Secrets to Chinese Nationals*** -- On November 21, 2008, Fei Ye and Ming Zhong were sentenced in the Northern District of California to one year in prison each, based in part on their cooperation, after pleading guilty on December 14, 2006 to charges of economic espionage for possessing trade secrets stolen from two Silicon Valley technology companies. The pair admitted that their company was to have provided a share of any profits made on sales of the stolen chips to Chinese entities. The case marked the first convictions in the nation for economic espionage. They were first indicted on December 4, 2002. The investigation was conducted by ICE, FBI and CBP.
- ***Stolen Military Night Vision Systems to Hong Kong*** -- On October 29, 2008, a criminal complaint was filed in the District of Hawaii against six U.S. Marines based at Kane'ohe Bay, Hawaii, for conspiring to illegally export stolen military night vision. Ryan Mathers, Charles Carper, Ronald William Abram, Jason Flegm, Mark Vaught, and Brendon Shultz were each charged with conspiracy to smuggle goods out of the United States. According to the complaint, the investigation began when agents learned that one of the defendants was selling stolen U.S. military night vision equipment on the Internet via eBay. A cooperating defendant subsequently purchased several night vision systems from the defendants, representing they would be illegally exported to Hong Kong. The Court later dismissed the indictment against defendants Schultz (April 24, 2009), Flegm (March 5, 2009), and Vaught (March 24, 2009) and a second superseding indictment was filed on April 14, 2010 charging Defendants Mathers, Carper, Abram, and Joshua Vaughn with conspiring to illegally export stolen military night vision monocular devices. The case was investigated by ICE, DCIS, and NCIS.
- ***Violation of Trade Embargo with Iran*** -- On October 14, 2008, Seyed Mahmood Mousavi, a former interrogator for the Islamic Revolutionary Court in Iran, was sentenced in the Central District of California to 33 months in prison and a \$12,500 fine for violating the trade embargo with Iran, false statements to the FBI, and filing a false tax return. Mousavi entered into consulting contracts to support a company in Iran in their efforts to bid for a mobile communication license and to establish a bank and leasing company in Iran. On April 24, 2008, Mousavi was convicted at trial of all counts of a June 8, 2007 indictment. The investigation was conducted by the FBI.
- ***Telecommunications Equipment to Iraq*** -- On October 2, 2008, Dawn Hanna was convicted by a jury in the Eastern District of Michigan on eight counts of an indictment charging her with illegally exporting telecommunications and other equipment with potential military applications to Iraq during the administration of Saddam Hussein and during the embargo on that country. Co-defendant Darrin Hanna was acquitted at trial. On July 19, 2007, both defendants were indicted on charges of conspiracy, violating the International Emergency Economic Powers Act, money laundering conspiracy, and false statements. From 2002 to 2003, the defendants allegedly received \$9.5 million in proceeds to supply telecommunications and other equipment to Iraq in

violation of the U.S. embargo that existed prior to the invasion by coalition forces in 2003. On March 25, 2009, Dawn Hanna was sentenced to six years in prison and ordered to pay \$1.1 million, which represented profits to her and her business. This investigation was conducted by ICE, the Internal Revenue Service (IRS) and the FBI.

- ***Military Accelerometers to China*** – On September 26, 2008, Qing Li was sentenced in the Southern District of California to 12 months and one day in custody, followed by three years of supervised release, and ordered to pay \$7,500 for conspiracy to smuggle military-grade accelerometers from the United States to the People’s Republic of China (PRC). Li pleaded guilty on June 9, 2008 to violating Title 18, USC Section 554. She was indicted for the offense on October 18, 2007. According to court papers, Li conspired with an individual in China to locate and procure as many as 30 Endevco 7270A-200K accelerometers for what her co-conspirator described as a “special” scientific agency in China. This accelerometer has military applications in “smart” bombs and missile development and in calibrating the g-forces of nuclear and chemical explosions. The investigation was conducted by ICE and the DCIS.
- ***Electronics & IED Components to Iran*** – On September 18, 2008, a 13-count indictment was unsealed in the Southern District of Florida charging eight individuals and eight companies with conspiracy, violations of the International Emergency Economic Powers Act, the U.S. Iran embargo, and false statements in connection with their participation in conspiracies to illegally export electronics, Global Positioning Systems (GPS) systems, and other dual-use commodities to Iran. All the items had potential military applications, including in the construction of Improvised Explosive Devices (IEDs). Among other things, the indictment alleges the defendants illegally exported to Iran 345 GPS systems and 12,000 Microchip brand microcontrollers. These specific types of microcontrollers have been found in IEDs in Iraq. The businesses charged are: Mayrow General Trading, Atlinx Electronics, Micatic General Trading, Madjico Micro Electronics, and Al-Faris, all Dubai-based businesses; Neda Industrial Group, an Iran-based business; and Eco Biochem Sdn BHD and Vast Solution Sdn BHD, Malaysian businesses. The individuals charged are: Ali Akbar Yahya and Farshid Gillardian, both Iranian nationals who are naturalized British citizens; F.N. Yaghmaei, Bahman Ghandi, Ahmad Rahzad, all Iranian nationals; Kaam Chee Mun, a resident of Malaysia; Djamshid Nezhad, a resident of Germany; and Majid Seif, an Iranian national residing in Malaysia. As part of the enforcement action, the Department of Commerce added 75 individuals and companies affiliated with this Iranian procurement network to its Entities list. On August 24, 2009, defendant Gillardian pleaded guilty to a superseding information charging him with making false statements. This investigation was conducted by Commerce BIS, DCIS, ICE, and the Treasury Department’s Office of Foreign Assets Control (OFAC).
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- ***Rifle Scopes to Russia*** – On September 11, 2008, a grand jury in the Middle District of Pennsylvania indicted Boris Gavrilov, D&B Compas Ltd, and Kiflet Arm on charges of illegally exporting military-grade and dual-use rifle scopes to Russia without the required U.S. government licenses. Gavrilov is believed to be a resident of Israel. D&B Compas is located in Israel, while Kiflet Arm is located in Humboldt, Texas. Extradition proceedings for Gavrilov have commenced. The investigation was conducted by ICE and BIS.
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- ***Controlled Technology to Indian Missile & Space Facility*** – On September 9, 2008, in the District of Columbia, a grand jury returned a five-count indictment against Siddabasappa Suresh, an Indian national, and Rajaram Engineering Corporation, an Indian corporation, on charges of illegally supplying the Government of India with controlled goods and technology without the required licenses. According to the indictment, from 2001 to 2003, Suresh and Rajaram caused

the illegal export of more than 100 controlled goods with an approximate value of \$136,000. The indictment specifically identified six shipments to Vikram Sarabhai Space Centre (VSSC), which was within the Department of Space of the Government of India and responsible for research, development, and production of India's space launch system. These activities encompassed both civilian spacecraft and ballistic missiles. All of these transactions involved complex electronic instruments used in high performance testing and monitoring essential in the research and development of launching systems, including missile delivery systems. The investigation was conducted by the Department of Commerce BIS.

- ***Fighter Jet Components to Iran*** -- On September 5, 2008, George Frank Myles, Jr. pleaded guilty to conspiring to illegally export military aviation parts without obtaining the permission of the State Department, in violation of the Arms Export Control Act. Myles was indicted for this offense on September 6, 2007 in the Southern District of New York, and the case was transferred to the Southern District of Florida pursuant to Rule 21. Myles was sentenced to 51 months imprisonment in November 2008. During the conspiracy, which spanned from April 2005 to March 2007, Myles supplied a number of military aviation parts, including F-14 parts, to an Iranian national, who allegedly picked up the parts in Dubai, United Arab Emirates and Bangkok, Thailand. On November 7, 2008, Defendant Myles was sentenced to 51 months imprisonment and 2 years supervised release. This investigation was conducted by ICE.
- ***Ammunition to Mexico*** -- On Sept 5, 2008, Noe Guadalupe Calvillo, Juan Luis Hernandez-Ramos, Guadalupe Ramiro Munoz-Mendez and Rogelio Garcia were sentenced in the Southern District of Texas to 46 months in prison, 37 months in prison, 30 months in prison, and 39 months in prison, respectively, after pleading guilty to illegally exporting thousands of rounds of ammunition to Mexico. Calvillo pleaded guilty to illegally exporting 51,400 rounds of ammunition, while Garcia, Hernandez-Ramos and Munoz-Mendez pleaded guilty to exporting 30,900 rounds of ammunition. This investigation was conducted by ICE.
- ***Military Aircraft Components to China and Iran*** -- On August 28, 2008, Desmond Dinesh Frank, a citizen and resident of Malaysia, was sentenced to 23 months in prison after pleading guilty on May 16, 2008, to several felonies in the District of Massachusetts in connection with a plot to illegally export military items to China and Iran. A six-count indictment returned on November 15, 2007 charged Frank, the operator of Asian Sky Support, Sdn., Bhd., in Malaysia, with conspiring to illegally export items to Iran, conspiring to illegally export C-130 military aircraft training equipment to China, illegally exporting defense articles, smuggling, and two counts of money laundering. Frank was arrested in Hawaii on October 8, 2007 by ICE agents. Frank conspired with others to illegally export and cause the re-export of goods, technology and services to Iran without first obtaining the required authorization from the Treasury Department. He also conspired with others to illegally export ten indicators, servo driven tachometers -- which are military training components used in C-130 military flight simulators -- from the United States to Malaysia and ultimately, to Hong Kong, China, without the required license from the State Department. This investigation was conducted by ICE, BIS, and DCIS.
- ***Military Laser Aiming Devices & Fighter Pilot Cueing Systems to Taiwan*** -- On August 18, 2008, Yen Ching Peng was arraigned in Southern District of New York on Arms Export Control Act violations, as well as money laundering and smuggling violations after being extradited from Hong Kong. Among other things, Peng allegedly attempted to illegally export to Taiwan infrared laser aiming devices, thermal weapons sights, and a Joint Helmet Mounted Cueing System. On occasion, Peng requested that military items be delivered to his associate, Peter Liu, in New York for delivery in Taiwan. On December 11, 2007, Peng was arrested in Hong Kong, while Liu was

arrested in New York. Liu later pleaded guilty and was sentenced to 30 months in prison on August 7, 2008. On December 12, 2008, Peng pleaded guilty to five counts of the indictment against him. The investigation was conducted by ICE and DCIS.

- ***Missile Technology to Indian Government Entities*** -- On August 11, 2008, in the District of Columbia, Mythili Gopal was sentenced to four years' probation and fined \$5,000 after pleading guilty on October 30, 2007 to one count of conspiracy to violate the International Emergency Economic Powers Act and the Arms Export Control Act. Gopal cooperated with the government against her co-conspirator, Parthasarathy Sudarshan, who on June 16, 2008, was sentenced to 35 months in prison. Sudarshan, the owner of an international electronics company called Cirrus Electronics, pleaded guilty in March 2008 to conspiring to illegally export 500 controlled microprocessors and other electronic components to government entities in India that participate in the development of ballistic missiles, space launch vehicles, and combat fighter jets. Among the recipients of the U.S. technology were the Vikram Sarabhai Space Centre and Bharat Dynamics, Ltd., two Indian entities involved in ballistic missile production, as well as the Aeronautical Development Establishment, which is developing India's Tejas fighter jet. Sudarshan was one of four defendants indicted in the case on March 8, 2007. Sudarshan and Gopal were arrested in South Carolina on March 23, 2007. The other two defendants, Akn Prasad and Sampath Sundar remain at large. Court documents in the case indicate Sudarshan was working with an Indian government official located in Washington, D.C. as part of the conspiracy. The investigation was conducted by the FBI, BIS, and ICE.
- ***Equipment to Iran*** – On August 11, 2008, Nicholas D. Groos entered a guilty plea in the Northern District of Illinois to three counts of violating the International Emergency Economic Powers Act and one count of making false statements in connection with a scheme to transship U.S.-origin firefighting equipment to Iran using his position as director of a Viking Corporation subsidiary in Luxemburg. Groos was indicted on May 3, 2007. He was ultimately sentenced to 60 days imprisonment on December 10, 2008. The case was investigated by ICE and BIS.
- ***Engineering Software to Iran*** – On August 7, 2008, James Angehr and John Fowler, the owners of Engineering Dynamics, Inc. were sentenced to five years probation, fined \$250,000 and ordered to forfeit \$218, 583. On April 24, 2008, both pleaded guilty to a one-count information charging them with conspiring to violate the International Emergency Economic Powers Act in connection with a plot to export controlled engineering software to Iran. Engineering Dynamics, Inc. was a Louisiana company that produced software to design offshore oil and gas structures. As part of the case, on May 22, 2008, in the Eastern District of Louisiana, Nelson S. Galgoul, a resident of Brazil and the director of Suporte, a Brazilian engineering company, was sentenced to 13 months in prison for violating the International Emergency Economic Powers Act. Galgoul pleaded guilty on August 2, 2007, to exporting and attempting to export controlled engineering software to Iran without the required U.S. authorization. Galgoul was charged in May 2007. He acted as an agent for Engineering Dynamics, Inc. in the marketing and support of this software and trained users of the software in Iran. As part of the same case. The investigation was conducted by ICE, BIS and FBI.
- ***Telecommunications Systems to Iran*** – On July 28, 2008, Allied Telesis Labs, Inc. was sentenced in the Eastern District of North Carolina to a \$500,000 criminal fine and was placed on probation for two years. The company pleaded guilty on March 18, 2008, to conspiracy to violate the International Emergency Economic Powers Act as part of a scheme to land and execute a \$95 million contract with the Iranian Information Technology Company to rebuild the

telecommunications systems of 20 Iranian cities. The company was first charged via criminal information on January 23, 2008. The investigation was conducted by BIS.

- ***Night Vision Firearm Sights to Japan*** – On July 28, 2008, Tomoaki Iishiba, a U.S. Army Captain, pleaded guilty in the Western District of Washington to conspiracy to smuggle goods from the United States. In his plea agreement, Iishiba admitted that he illegally shipped firearms parts including holographic night vision firearms sights to contacts in Japan. In October and December 2006, Iishiba shipped sixty holographic sights to a contact in Japan and purposely mislabeled the customs form for the shipment because he knew he needed a license to ship the firearms parts to Japan. Iishiba was charged on July 16, 2008. On November 7, 2008, Iishiba was sentenced to 12 months and 1 day imprisonment. This investigation was conducted by ICE, DCIS, and the Army Criminal Investigation Command.
- ***Combat Gun sights to Sweden and Canada*** – On July 24, 2008, Euro Optics Inc., was sentenced in the Middle District of Pennsylvania to a \$10,000 corporate fine, \$800 special assessment, and five years of corporate probation after pleading guilty on March 17, 2008 to illegally exporting advanced combat gun sights to Sweden and Canada without the required licenses. Euro Optics was charged via criminal information on October 5, 2007. This investigation was conducted by ICE and Department of Commerce BIS.
- ***Cryogenic Pumps to Iran*** – On July 17, 2008, Cryostar SAS, formerly known as Cryostar France, a corporation headquartered in France, was sentenced in the District of Columbia to a criminal fine of \$500,000 and corporate probation of two years. On April 11, 2008, the company pleaded guilty to conspiracy, illegal export, and attempted illegal export of cryogenic submersible pumps to Iran without a license. Cryostar specialized in the design and manufacturing of cryogenic equipment, such as pumps, that are used to transport and process natural gases at extremely cold temperatures. The company was charged on March 24, 2008. The investigation was conducted by BIS.
- ***Military Aircraft Components to UAE, Thailand*** – On July 17, 2008, in the Central District of California, Air Shunt Instruments, Inc., was sentenced to pay a criminal fine of \$250,000 and a special assessment of \$400 for making false statements on Shipper's Export Declaration in claiming that a military gyroscope being sent overseas in 2003 did not require an export license, when in fact the item required such a license. Air Shunt, a Chatsworth, California company that buys and sells aircraft and aerospace components, was charged via criminal information and pleaded guilty on July 15, 2008. John Nakkashian, a Vice President for International Sales at Air Shunt, was responsible for obtaining the required licenses for such exports. During the investigation, Nakkashian fled the country and remains a fugitive today. On May 20, 2008, Nakkashian was indicted on four counts of violating the Arms Export Control Act. The indictment alleges he illegally exported components for the J85 engine, used on the F-5 fighter jet, and other military items to Dubai, United Arab Emirates, without first obtaining the required export license from the State Department. The indictment also alleges that he illegally exported a military gyroscope to Thailand. The investigation was conducted by DCIS and ICE.
- ***Computer Software to Cuba*** – On July 15, 2008, Platte River Associates, a Colorado company, was charged in U.S. District Court in Denver by Information for trading with the enemy. The president of Platte River Associates, Jay E. Leonard, was charged in separate Information on July 15, 2008, for unauthorized access of a protected computer. According to the Platte River Associates Information, on or about October 2000, the corporation allegedly provided specialized technical computer software and computer training, which was then used to create a model for the

potential exploration and development of oil and gas within the territorial waters of Cuba, without first having obtained a license. This case was investigated by ICE. In the second case, Leonard allegedly used a wireless network connection at Houston International Airport to access a password protected computer website server located in Georgia, belonging to Zetaware Inc., a Texas Corporation. The Information charges that the unauthorized information obtained by the defendant was done by means of interstate commerce. On October 3, 2008, Platte River Associates pleaded guilty to violating the Trading with the Enemy Act and was sentenced on September 14, 2009, to a \$400 assessment, and a fine of \$14,500. On October 2, 2008, Leonard pleaded guilty to unauthorized access to a protected computer and was sentenced on December 15, 2008 to one year probation. This case was investigated by the FBI.

- ***Military Night Vision Systems to Lebanon*** – On July 9, 2008, Riad Skaff, a naturalized U.S. citizen from Lebanon and former ground services coordinator at O’Hare International Airport, was sentenced in the Northern District of Illinois to two years in prison for using his position at the airport to help smuggle \$396,000 in cash and illegally export weapons scopes, military night vision goggles, and a cellular phone “jammer” to Lebanon. The case resulted from an undercover operation in which agents posed as individuals interested in smuggling money and military items to Lebanon utilizing contacts at O’Hare airport to bypass security. On August 17, 2007, Skaff pleaded guilty to all nine counts of an indictment charging him with bulk cash smuggling; entering an aircraft and airport area in violation of applicable security requirements with the intent to commit a felony; exporting and attempted export of defense articles without first obtaining a required export license; and attempted international export of merchandise, articles, and objects contrary to U.S. law. Skaff was first arrested on January 28, 2007. The investigation was conducted by ICE and DCIS.
- ***F-5 and F-14 Fighter Jet Components to Malaysia*** – On June 19, 2008, in the Southern District of New York, Jilani Humayun, a Pakistani citizen and resident of Long Island, New York, pleaded guilty to conspiracy to illegally export arms and to commit money laundering. Humayun was arrested on July 19, 2007, and charged by information on December 19, 2007, with Conspiracy to Violate the Arms Export Control Act and Smuggle Goods from the United States, and Conspiracy to Violate the International Emergency Economic Powers Act. According to his plea, Humayun illegally exported parts for F-5 and F-14 military fighter jets to Malaysia which prosecutors said may have eventually ended up in Iran. In the process of exporting these parts, he created airway bills that misrepresented the contents and value of his shipments. Such exports are of particular concern because F-14 components are widely sought by Iran, which is currently the only nation in the world that still flies the F-14 fighter jet. Humayun formed his own company, Vash International, Inc., in 2004, then, on eleven separate occasions between January 2004 and May 2006, exported to Malaysia F-5 and F-14 parts, as well as Chinook Helicopter parts. This investigation was conducted by ICE, BIS, FBI and DCIS.
- ***U.S. Military Source Code and Trade Secrets to China*** – On June 18, 2008, Xiaodong Sheldon Meng was sentenced in the Northern District of California to 24 months in prison, three-years of supervised release, and a \$10,000 fine for committing economic espionage and violating the Arms Export Control Act. Meng pleaded guilty in August 2007 to violating the Economic Espionage Act by misappropriating a trade secret used to simulate motion for military training and other purposes, with the intent to benefit China’s Navy Research Center in Beijing. He also pleaded guilty to violating the Arms Export Control Act for illegally exporting military source code involving a program used for training military fighter pilots. Meng was the first defendant in the country to be convicted of exporting military source code pursuant to the Arms Export Control Act. He was also the first defendant to be sentenced under the Economic Espionage Act.

Meng was charged in a superseding indictment on December 13, 2006. The investigation was conducted by FBI and ICE.

- ***Valves to Iran*** – On June 9, 2008, CVC Services was sentenced in the Central District of California to a fine of \$51,000 and five years probation for illegal transactions with Iran. In March 2008, the company pleaded guilty to selling to Iran valves that turn gas and oil pipelines on and off without a license. The company was charged on January 31, 2008. The National Iranian Oil Company had sought the valves. This investigation was conducted by BIS.
- ***Controlled Amplifiers to China*** – On June 6, 2008, WaveLab, Inc. of Reston, Virginia, was sentenced in the Eastern District of Virginia to one year of supervised probation and a \$15,000 fine, together with \$85,000 in forfeiture previously ordered, for the unlawful export of hundreds of controlled power amplifiers to China. The exported items, which have potential military applications, are controlled and listed on the Commerce Control List for national security reasons. Wave Lab purchased these items from a U.S. company and assured the company that the products would not be exported from the United States, but would be sold domestically. WaveLab pleaded guilty on March 7, 2008 to a criminal information filed the same day. The investigation was conducted by BIS and ICE.
- ***Firearms Components to Sudan*** – On June 6, 2008, Khalid Abdelgadir Ahmed was sentenced in the Eastern District of Virginia to five months in prison after pleading guilty on March 13, 2008, to unlawfully attempting to export assault rifle components to the Sudan. Another defendant, Entisar Hagosman, was sentenced to time served and two years supervised probation on June 6, 2008 after pleading guilty on March 13, 2008 to making false statements relating to her activity. Both defendants were charged in a complaint on January 30, 2008. The investigation was conducted by ICE and BIS.
- ***Theft of Military Trade Secrets to Sell to Foreign Governments*** -- On May 16, 2008, Allen W. Cotten of El Dorado Hills, California, was sentenced in the Eastern District of California to two years in prison for theft of trade secrets. Cotten pleaded guilty on February 29, 2008, admitting that while employed at Genesis Microwave Inc., he stole items including plans, designs and parts for the manufacture and testing of detector logarithmic video amplifiers (DLVA) and successive detection logarithmic video amplifiers (SDLVA), which are components used in microwave technologies. These technologies have military applications that include enhancing navigational and guidance capabilities; radar jamming; electronic countermeasures; and location of enemy signals. Cotten sold and offered for sale these items to foreign governments and foreign military contractors. The total amount of actual or intended sales to these companies was \$250,000. Cotten was charged by criminal information on January 30, 2008. The investigation was conducted by the FBI and BIS.
- ***Controlled Computers to Iran*** – On May 15, 2008, Afshin Rezaei was sentenced in the Northern District of Georgia to six months' imprisonment and agreed to forfeit \$50,000. Rezaei pleaded guilty on April 24, 2008 to one count of violating the International Emergency Economic Powers Act for the unlicensed export of computers to Iran via the United Arab Emirates. The computers were controlled for anti-terrorism reasons. Rezaei was indicted on November 14, 2007. The investigation was conducted by BIS and ICE.
- ***Controlled Radiographic Equipment to Iran*** – On May 14, 2008, Bahram "Ben" Maghazehe pleaded guilty in the Southern District of New York to one count of false statements in connection with the illegal shipment of radiographic equipment to Iran. On August 14, 2007,

Maghazehe was arrested pursuant to this shipment. Another individual, Jeff Weiss, pleaded guilty on January 20, 2009 to a false statement charge in connection with his dealings with Maghazehe. On October 28, 2008, defendant Maghazehe was sentenced to 5 years probation, \$100 assessment, and \$2,000 fine. The investigation was conducted by the FBI and BIS.

- ***Ammunition to Jamaica, Defense Training to UAE*** -- On May 12, 2008, Lance Brooks was charged in the Southern District of Florida with being an unlicensed broker of defense articles in connection with his efforts to broker the sale of 270,000 rounds of soft point ammunition to the Jamaica Constabulary Force without the required license from the State Department. On January 9, 2009, Brooks pleaded guilty to count one of the indictment and on August 28, 2009, he received an amended sentence of 12 months and 1 day. The case marked the second time Brooks had been charged with arms export violations. On December 20, 2007, Brooks pleaded guilty to charges brought in October 2007 that he exported defense training services on grenade launchers to the United Arab Emirates without a license. He was on bond pending sentencing in that case when the new charges against him were filed. The investigation was conducted by the FBI.
- ***Test Tube and Microplate Coating Systems to Iran*** – On May 1, 2008, Patrick Gaillard, the owner of Oyster Bay Pump Works, Inc., was sentenced in the Eastern District of New York to one month in prison, three years supervised release and a \$25,000 fine after pleading guilty to conspiracy to violate the International Emergency Economic Powers Act in connection with the planned export of restricted test tube and microplate coating systems to Iran through a trading company in the United Arab Emirates. Gaillard pleaded guilty on June 15, 2007. The coating systems for microplates and test tubes produced by Oyster Bay are controlled for export and can be used in a wide variety of research and laboratory applications. On July 17, 2007, James Gribbon pleaded guilty to conspiracy to violate the Emergency Economic Powers Act in connection with the case. The investigation was conducted by BIS.
- ***Controlled Computer Equipment to Iran*** – On April 28, 2008, Mohammad Mayssami was sentenced in the Northern District of California to two years probation, a \$10,000 fine and 160 hours of community service for his role in financing illegal exports to Iran. On December 17, 2007, Mayssami pleaded guilty to failing to report a suspicious transaction for his part in financing export transactions by Super Micro Computer, Inc. He was originally charged by information on December 3, 2007. Super Micro pleaded guilty on September 18, 2006 to illegally exporting motherboards controlled for national security reasons to Iran and was sentenced to pay a criminal fine of \$150,000., and agreed to pay an administrative fine of \$125,400 to settle charges for related transactions. Super Micro was first charged on September 1, 2006. The case was conducted by BIS.
- ***U.S. Naval Warship Data to China*** – On March 24, 2008, Chi Mak, a former engineer with a U.S. Navy contractor, was sentenced in the Central District of California to 293 months (more than 24 years) in prison for orchestrating a conspiracy to obtain U.S. naval warship technology and to illegally export this material to China. Mak was found guilty at trial in May 2007 of conspiracy, two counts of attempting to violate export control laws, acting as an unregistered agent of the Chinese government, and making false statements. The investigation found that Mak had been given lists from co-conspirators in China that requested U.S. Naval research related to nuclear submarines and other information. Mak gathered technical data about the Navy's current and future warship technology and conspired to illegally export this data to China. Mak's four co-defendants (and family members) also pleaded guilty in connection with the case. On April 21, 2008, Chi Mak's brother, Tai Mak, was sentenced to 10 years imprisonment pursuant to a June 4, 2007, plea agreement in which he pleaded guilty to one count of conspiracy to export defense

articles. On October 2, 2008, Chi Mak's wife, Rebecca Chiu, was sentenced to 3 years in prison for her role in the plot. On October 1, 2008, Fuk Heung Li was sentenced to 3 years probation. On September 24, 2007, Yui Mak was sentenced to 11 months imprisonment. The investigation was conducted by FBI, NCIS, and ICE.

- ***Specialty Alloy Pipes to Iran*** – On March 14, 2008, Proclad International Pipelines, Ltd, a British corporation headquartered in Scotland, was sentenced in the District of Columbia to a criminal fine of \$100,000 and corporate probation of five years for attempting to export from the United States to Iran via the United Kingdom and United Arab Emirates specialty alloy pipes without an export license from the U.S. government. Proclad pleaded guilty to one count of attempted export without an export license on November 30, 2007 after being charged via information on October 16, 2007. The investigation was conducted by ICE and BIS.
- ***Nuclear Testing Equipment to India*** – On March 12, 2008, MTS Systems Corp, of Eden Prairie, Minnesota, pleaded guilty in the District of Minnesota to two misdemeanor counts and was sentenced to two years probation and a \$400,000 fine for submitting false export license applications to the Department of Commerce in connection with the proposed shipment of seismic testing equipment with nuclear applications to an entity in India. MTS knew the end-user in India would likely use the seismic testing equipment for nuclear purposes, but, in its export applications to the Department of Commerce, MTS falsely certified that the equipment would be used only for non-nuclear purposes. Commerce denied the export license. The company was charged on March 11, 2008. The investigation was conducted by BIS and ICE.
- ***100,000 Uzi Submachine Guns to Iran*** – On March 10, 2008, Seyed Maghloubi was sentenced to three years and five months in prison in the Central District of California to attempting to illegally export goods to Iran. As part of his August 27, 2007, plea agreement, Maghloubi admitted that he had plotted to illegally export as many as 100,000 Uzi submachine guns as well as night vision goggles to officials in Iran's government. According to the facts of the plea agreement, the defendant sought to have the weapons shipped from the U.S. to Dubai and later transported over the border to Iran. Maghloubi was first charged on June 1, 2007. The investigation was conducted by the FBI and the Los Angeles Police Department.
- ***Controlled Computers to Syria*** – On February 14, 2008, Mazen Ghashim was sentenced in the Southern District of Texas to three years probation for violating the International Emergency Economic Powers Act and attempted export without a license. He was also ordered to forfeit computers and related equipment valued at \$32,000. The violations occurred in February 2003 when Ghashim and his company KZ Results exported computers and related equipment to Syria without the required licenses. Ghashim was charged on August 14, 2006, and pleaded guilty on November 1, 2006. This investigation was conducted by BIS.
- ***Military Weapons Sight to Germany*** – On February 8, 2008, Bertrand Lalsingh of Hollywood, Florida, pleaded guilty in the U.S. District Court for the Southern District of Florida, to exporting knowingly and willfully an EOTech 553 Holgraphic Weapon Sight, an item designated a "defense article" in Category I of the U.S. Munitions List, from the United States to Germany, without having first obtained authorization from the U.S. Department of State. Laslingh was later sentenced to 5 months in prison.
- ***Textile Machinery to Iran***-- On February 8, 2008, in the District of Columbia, Mojtada Maleki-Gomi was sentenced to 18-months and a \$200,000 fine for violating the U.S. embargo against Iran for conspiring to sell textile machinery to Iran. Maleki-Gomi's son, Babak Maleki, was

sentenced on the same day to probation for making false statements. On September 29, 2006, Maleki-Gomi, his son, and a third defendant, Shahram Setudeh Nejad, were indicted for conspiracy to violate the International Emergency Economic Powers Act and the Iranian Transactions Regulations, and for violation of the United States Iranian Embargo. On November 19, 2007, Maleki-Gomi pled guilty to the conspiracy charge and his son Babar Maleki pled guilty to superseding information charging him with making false statements.

- ***Military Night Vision Systems Overseas*** – On January 22, 2008, Green Supply, Inc., was sentenced in the Eastern District of Missouri to two years probation, a \$17,500 fine and an \$800 special assessment after pleading guilty in November 2007 to export control violations involving the illegal export of controlled night vision systems. The company was charged via information on November 2, 2007. The investigation was conducted by ICE and BIS.
- ***Firearms to Canada*** – On January 11, 2008, in the Southern District of Florida, defendants Gary Roach and Laron Frazier were convicted on international firearms trafficking charges. The defendants were charged on July 26, 2007, for their role in a scheme in which they used straw purchasers to obtain handguns in Florida, Alabama, and Georgia. They then smuggled the guns to Canada in the door panels of rental cars. On March 28, 2008, Gary Roach was sentenced to 135 months imprisonment, while Laron Frazier was sentenced to 108 months imprisonment. On March 13, 2008, another defendant in the case, Nedson Jeanovil, was sentenced to 51 years imprisonment. This case was investigated by the ATF and ICE.

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